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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Government and Administration

By-election and State of the Parties

Details of the result of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Labour Party retained the seat at Neath in a by-election on 4 April. The seat became vacant following the death of the Labour MP, Mr Donald Coleman, in January 1991. The Labour Party candidate, Mr Peter Hain, won by a majority of 9,830.

The result of the by-election was:

P. Hain (Labour)	17,962
D. Evans (Plaid Cymru)	8,132
R. Evans (Conservative)	2,995
D. Lloyd (Liberal Democrat)	2,000
J. Warman (Social Democrat)	1,826
R. Jeffries (Local Independent Labour)	1,253

Two other candidates received between them a total of 525 votes; they and the independent Labour candidate lost their deposits. Votes were cast by 64 per cent of the electorate.

At the general election in June 1987 (see p 187, 1987), the seat was held by the Labour Party, with Mr Coleman polling 27,612 votes, followed by the Conservative candidate with 7,034, the Alliance candidate with 6,132 and the Plaid Cymru candidate with 2,792. Votes were cast by 79 per cent of the electorate.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now:

Conservative	369
Labour	227
Liberal Democrats	21
Social Democrats	3
Scottish National	5
Plaid Cymru (Welsh Nationalist)	3
Ulster Unionist (Northern Ireland)	9
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
Vacant seat (Monmouth)	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all the other parties is 93 although the Sinn Fein MP has not taken his seat.

Recent Legislation

The public Acts of Parliament passed since November 1990 are listed below:

Caravans (Standard Community Charge and Rating) Act 1991. Removes liability for the standard community charge from all caravan

owners. Royal Assent: 12.2.91. Ch 2. HMSO, £1. ISBN 0 10 540291 5.

Census (Confidentiality) Act 1991. Forbids the unauthorised disclosure of personal census information. Royal Assent: 7.3.91. Ch 6. HMSO, £1. ISBN 0 10 540691 0.

Community Charges (General Reduction) Act 1991 (see p 132). Royal Assent: 28.3.91. Ch 9. HMSO, £1·40. ISBN 0 10 540991 X.

Community Charges (Substitute Setting) Act 1991. Amends the law on setting substitute personal community charges under the Local Government Finance Act 1988 (see pp 17-18, 1988). Royal Assent: 21.3.91. Ch 8. HMSO, £2·20. ISBN 0 10 540891 3.

Consolidated Fund Act 1991. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 21.3.91. Ch 7. HMSO, 60p. ISBN 0 10 540791 7.

Consolidated Fund (No 2) Act 1990. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 20.12.90. Ch 46. HMSO, 55p. ISBN 0 10 544690 4.

Development Board for Rural Wales Act 1991. Increases the statutory financial limit of the Development Board for Rural Wales. Royal Assent: 12.2.91. Ch 1. HMSO, 60p. ISBN 0 10 540191 9.

Import and Export Control Act 1990. Repeals a section of the Import, Export and Customs Powers (Defence) Act 1939. Royal Assent: 6.12.90. Ch 45. HMSO, 55p. ISBN 0 10 544590 8.

Ministerial and Other Pensions and Salaries Act 1991. Makes new arrangements for pensions and salaries for holders of certain public offices. Royal Assent: 28.2.91. Ch 5. HMSO, £1·80. ISBN 0 10 540591 4.

Namibia Act 1991. Modifies certain legislation to take account of Namibia's admission to the Commonwealth in March 1990 (see pp 131-2, 1990). Royal Assent: 28.2.91. Ch 4. HMSO, 60p. ISBN 0 10 540491 8.

Statutory Sick Pay Act 1991. Modifies arrangements under which employers are reimbursed from their national insurance contributions for statutory sick pay paid to their employees. Royal Assent: 12.2.91. Ch 3. HMSO, £1·80. ISBN 0 10 540391 1.

Local Government Review

In a comprehensive review of local government, the Government has announced proposals to replace the community charge by a new local tax. Households would be taxed on the basis of the number of adults and the value of the property. The Government is also considering the transfer of certain local functions to central government.

The proposals were announced in a ministerial statement to the House of Commons on 21 March. This was followed five days later by a Commons debate on the legislation that provided for the reduction in the community charge announced in the Budget on 19 March (see p 148).

Ministerial Statement

Financial Aspects

The statement (*Hansard*, Vol 188, No 81, cols 401-5), made by the Secretary of State for the Environment, Mr Michael Heseltine, contained some interim conclusions on the review of local government that he had announced in December 1990.

On the financial aspects, he pointed out that a local tax base was essential to the concept of local government. But local government services cost a great deal and the burden on local taxpayers had become too heavy. The Government had therefore decided on 'a fundamental shift' in the amounts that central and local taxpayers paid towards the cost of these services. The change would take effect in 1991-92 and would reduce local taxation to a level that should be

sustainable in the long run. One consequence of this shift was the £140 a head reduction in the 1991-92 community charge announced in the Budget. The Community Charges (General Reduction) Bill (see below) would provide for the lower community charge and would empower central government to pay grants to local authorities to make up for their loss of income.

The Secretary of State believed that five principles should underpin any local tax. They were:

1 *Accountability* – A local tax should 'buttress the accountability of a local council to its taxpayers'.

2 *Fairness* – Taxes should be seen to be fair.

3 *Ease of collection* – If a tax was too difficult to collect, the costs of collection became unacceptable.

4 *Most people should make some contribution* – As far as possible, a tax should take some account of the number of adults in a household.

5 *Restraint* – No tax was acceptable if levied at penal rates.

In accordance with these criteria, the Government had reached its conclusions about the future of the community charge. In spite of measures to alleviate its impact, 'the public have not been persuaded that the charge is fair. We have therefore decided that, from the earliest possible moment, the community charge will be replaced by a new system of local taxation.' Each household would receive a single bill based on the number of adults and the value of the property. The way of assessing values would be subject to careful evaluation and extensive discussion and consultation. Measures – such as capping – would be taken to avoid excessive bills as a result of overspending by local authorities. A consultative document setting out alternative approaches to the new tax – which could be in place in 1993-94 – would be published. The Government had no intention at the moment to change the national non-domestic rate.

Other Aspects

Turning to the non-financial aspects, Mr Heseltine said that the Government did not wish to impose a nationally uniform pattern of local authorities. 'Local people should have an important role in determining what structure of local government best reflects their community loyalties.' However, it was likely that there would be a move towards an increased number of unitary authorities as opposed to two-tier authorities. The two-tier system was being questioned, as was the continued existence of certain of the authorities created as a result of the local government reorganisation of 1974. Consultative documents would be published and consultation would be on an area-by-area basis. Dependent on the outcome of the consultation, the Government intended to introduce legislation to set up a local government commission. This would be responsible for evaluating the most appropriate form of local government for individual areas.

The reduction in the local tax burden and the correspondingly larger contribution from central taxation raised the question of whether certain functions should be brought into or financed directly by central government. Proposals for such a transfer of one area of education were being announced that day (see pp 165-7).

The Government also wished to develop further the idea of the 'enabling council'. Many government policies had been aimed at transferring power to individuals. Compulsory competitive tendering had been part of that process. The Government would look at ways of taking this further and, in particular, would be examining new areas for contracting out. 'The success of a local authority must be measured not by its size, but by the quality of the services delivered, from whatever source, by its responsiveness to its clients and customers and by the value that it squeezes out of each pound of taxpayers' money.'

The Secretary of State said that his proposals would establish a system of local government that would endure into the next century. 'They should enhance the quality of services and give extra momentum to the pursuit of value for money. They should result in a local government which puts people first.'

Opposition Reply

For the official Opposition, Mr Bryan Gould (*Hansard*, Vol 188, No 81, cols 405-7) said that Mr Heseltine's statement constituted 'the

most complete capitulation, the most startling U-turn and the most shameless abandonment of consistency and principle in modern political history'. What remained were 'all the objectionable features of the poll tax' as well as 'the difficult and transitional problems of a new and untried property tax'. The proposals for the reorganisation of local government – 'vague as they are' – were dictated by financial arrangements. 'Should not structure determine finance rather than the other way round?'

Wales and Scotland

Parallel announcements were made later that day for Wales and Scotland by the respective Secretaries of State, Mr David Hunt and Mr Ian Lang (*Hansard*, Vol 188, No 81, cols 449-50 and 461-3).

Community Charges (General Reduction) Bill

On 26 March the Community Charges (General Reduction) Bill was given a second reading (*Hansard*, Vol 188, No 84, cols 832-76) without a division. All other House of Commons stages were completed on the same day.

Royal Commission on Criminal Justice: The 'Birmingham Six' Case

The Government has set up a Royal Commission to review the criminal justice system. This follows the decision by the Court of Appeal on 14 March to quash the conviction of six men for murder arising from the bombing of two public houses in Birmingham in 1974.

Background

On 21 November 1974, 21 people were killed and 162 were injured when two public houses in Birmingham were bombed as part of the campaign of terrorism by the Provisional Irish Republican Army.

In August 1975, Mr Hugh Callaghan, Mr Patrick Hill, Mr Gerard Hunter, Mr Richard McIlkenny, Mr William Power and Mr John Walker (the 'Birmingham Six') were convicted and sentenced to life imprisonment for the bombings. The prosecution case was based on admissions made by the six men in police custody, on circumstantial evidence and on scientific evidence which indicated that two of the men had recently handled explosives.

Since that time the safety of the convictions has continued to be challenged. In early 1987 the case was referred to the Court of Appeal by the then Home Secretary, Mr Douglas Hurd, after new material had been given to him. This related to the scientific evidence given at the trial and to allegations by a former policeman that he had witnessed the intimidation of five of the six men in police custody.

After a hearing lasting five weeks, the Court of Appeal concluded that the new material did not call into question the safety of the convictions and dismissed the appeals.

In December 1989, solicitors acting for the six men submitted detailed representations to the then Home Secretary, Mr David Waddington, who initiated further inquiries into the conduct of the West Midlands police force in the case. During these inquiries, undertaken by the Devon and Cornwall police force, new information relating to apparent discrepancies in the record of a police interview of one of the six men came to light. This formed the basis of the decision by Mr (now Lord) Waddington to refer the case back to the Court of Appeal in August 1990.

On 14 March, the Court of Appeal quashed the convictions of the six men. On the same day the current Home Secretary, Mr Kenneth Baker, announced that a Royal Commission[1] would be set up to inquire into the criminal investigation, prosecution and appeal processes.

Royal Commission Terms of Reference

The Royal Commission will 'examine the effectiveness of the criminal justice system in

[1] Royal Commissions are reserved for problems of particular importance and public interest. They are appointed by the Queen. The Royal Commission is to determine its own method of working and its report will be formally addressed to the Queen. Any such report would normally be published.

England and Wales in securing the conviction of those guilty of criminal offences and the acquittal of those who are innocent'.

The Commission will consider whether changes are needed in:

– the conduct of police investigations, particularly the gathering and preparation of evidence, and their supervision and control by senior police officers;

– the role of the prosecutor in gathering evidence and deciding whether to proceed with a case, and the arrangements for the disclosure of material to the defence;

– the role and responsibilities of experts in criminal proceedings, and the relationship between the forensic science services and the police;

– the arrangements for the defence of accused persons and access to legal advice and expert evidence;

– 'the opportunities available for an accused person to state his position on the matters charged and the extent to which the courts might draw proper inferences from primary facts, the conduct of the accused, and any failure on his part to take advantage of an opportunity to state his position';

– the conduct of trials and the duties and powers of the courts, and the possibility of their having an investigative role;

– the role of the Court of Appeal in considering new evidence on appeal, including directing the investigation of allegations; and

– the arrangements for investigating alleged miscarriages of justice when appeal rights have been exhausted.

Home Secretary's Statement

Mr Baker delivered the Government's response to the quashing of the convictions of the six men in a statement to the House of Commons on 14 March (*Hansard*, Vol 187, No 76, cols 1109-12).

The Government acknowledged that the case, together with others which had occurred, was a cause for concern and undermined public confidence in the arrangements for criminal justice. Mr Baker confirmed that, under the terms of the Criminal Justice Act 1988, the six men were eligible to apply to him as Home Secretary for compensation. The amount would be decided on the basis of advice from an independent assessor.

He stressed that many of the cases of alleged miscarriage of justice pre-dated the range of measures introduced by the Government during the 1980s (see also p 134) to ensure the conviction of offenders and the protection of innocent suspects. These measures included:

– the codification of police powers to investigate crime;

– controls over police interrogations, including the tape-recording of interviews;

– the reform of the law of evidence as it affects confessions;

– the setting up of the Crown Prosecution Service and the Serious Fraud Office;

– the extension of the Court of Appeal's power to order retrials; and

– improved quality controls over forensic science work.

Review of the Criminal Justice System

The criminal justice system, said Mr Baker, worked well in the great majority of cases. It was wrong to assume that present arrangements were seriously flawed. However, he believed that it was now an appropriate time to undertake a review of the criminal justice process, taking full account of recent reforms.

Such a review, he explained, would consider the investigation and pre-trial stages, including the management of the investigation by the police and the role of the prosecutor. It would examine the role of expert witnesses, in particular that of forensic scientists, and the reliability of scientific evidence. It would review the place of the accused's right to silence in criminal proceedings (see p 359, 1988). It would also consider a possible role for investigating magistrates, the conduct of criminal trials and the duties and powers of the courts.

In addition, Mr Baker said that the review would examine appeals procedures, the powers of the Court of Appeal, and the investigation of alleged miscarriages of justice once appeal rights have been exhausted. This would include the functions at present

carried out by the Home Secretary, who has the power to refer cases of suspected miscarriage of justice back to the Court of Appeal.

Appointment of a Royal Commission

The Government believed that such an important review, covering the work of the criminal courts of England and Wales, should be undertaken by a Royal Commission. Mr Baker hoped that the work of the Commission, under the chairmanship of Lord Runciman of Doxford, would be completed within two years.

Mr Baker said that the appointment of the Commission was not intended to inhibit the judicial inquiry, initiated in October 1989 under Sir John May, into the convictions of the 'Guildford Four' and the Maguire family (see pp 405-6, 1989). He noted that the case of the Maguires had since been referred to the Court of Appeal following an interim report by the judicial inquiry in July 1990. The case remained sub judice pending a court hearing.

Opposition View

The official Opposition spokesman, Mr Roy Hattersley, favoured an immediate public inquiry into the convictions of the 'Birmingham Six'. He expressed concern that improvements to the judicial system would be postponed for the length of time inherent in an examination by a Royal Commission.

He also considered that the appeals system in contentious cases should include lay as well as legal representatives, thereby promoting a more independent process.

The Criminal Justice System

Police Powers

Police powers to stop, search, arrest and detain people for questioning are defined under the Police and Criminal Evidence Act 1984 (see pp 397-9, 1984), which also provides a number of safeguards.

There is a statutory right for persons suspected of an offence to have legal advice on arrest. They must be cautioned by police before any questions are put for the purpose of obtaining evidence. Suspected persons may be detained for up to a maximum of 96 hours without charge, and can be detained beyond 36 hours only if a warrant is obtained from a magistrates' court. The Act also contains provisions for the tape-recording of police interviews.

In addition, the Government has encouraged the establishment of schemes in England and Wales whereby lay visitors make random checks on the treatment of people detained in police stations and the conditions in which they are held.

Prosecution

The Crown Prosecution Service, established by the Prosecution of Offences Act 1985 (see pp 147-8, 1985), is independent of the police. In England and Wales, it is responsible for deciding whether to prosecute once the police have charged a suspect for an offence. It provides lawyers to prosecute cases in the magistrates' courts and briefs barristers to appear in the Crown Court.

The Defence

Since the law in Britain presumes the innocence of an accused person until guilt has been proved beyond reasonable doubt, the prosecution is not granted any advantage over the defence. A defendant has the right to employ a legal adviser and may be granted legal aid from public funds.

In criminal trials, the prosecution usually tells the defence about relevant documents which it does not intend to present in evidence and discloses them if asked to do so. The prosecution should also inform the defence about witnesses whose evidence may help the accused and whom the prosecution does not propose to call.

During a criminal trial, normally held in open court, the defence has the right both to call witnesses and to cross-examine witnesses called for the prosecution. The defence has the right to the last speech at a Crown Court trial before the judge sums up the evidence for the jury.

A defendant cannot be questioned without consenting to be sworn in as a witness in his or her own defence. When a defendant does testify, cross-examination about character or other conduct may be made only in exceptional circumstances. Generally the prosecution may not introduce such evidence.

The Courts

In England and Wales magistrates' courts, sitting without a jury and usually consisting of three lay magistrates, deal with the majority of criminal cases. They also decide whether those accused of the most serious offences should be committed to the Crown Court for trial.

The Crown Court is presided over by High Court judges, full-time 'circuit judges' and part-time recorders. All contested trials take place before a jury, which decides whether a defendant is 'guilty' or 'not guilty', the latter verdict resulting in acquittal. Members of a jury are chosen at random from names appearing on the electoral register. If a 12-member jury cannot reach a unanimous verdict, the judge may direct it to bring in a majority verdict provided that there are not more than two dissenters.

Appeals

A person convicted by a magistrates' court may appeal to the Crown Court. Appeals from the Crown Court, either against conviction or against sentence, are made to the Court of Appeal. (The House of Lords is the final appeal court for all cases.)

The Home Secretary may consider representations and intervene in cases where appeal rights have been exhausted. The emergence of fresh evidence since a conviction is deemed necessary for such action.

Northern Ireland: Political Talks Launched

A basis for formal political talks involving the British Government, the main Northern Ireland constitutional parties and the Irish Government has been agreed.

The talks will start on 30 April with bilateral meetings with each of the constitutional parties.

Government Statement

Giving details in the House of Commons on 26 March (*Hansard*, Vol 188, No 84, cols 765-75), the Secretary of State for Northern Ireland, Mr Peter Brooke, pointed out that this would not have been agreed without the goodwill and determination of the Northern Ireland political parties and the helpful and constructive approach taken by the Irish Government.

Noting that the stated positions of all these parties were well known, Mr Brooke said that the Government reaffirmed its position that 'Northern Ireland's present status as a part of the United Kingdom will not change without the consent of a majority of its people'.

Mr Brooke said that all those involved were setting out to achieve a new beginning. The British and Irish governments – the signatories of the Anglo-Irish Agreement (see p 136) – had made it clear that they would be prepared to consider 'a new and more broadly based agreement or structure if such an agreement [could] be arrived at through direct discussion and negotiation between all the parties concerned'. To allow an opportunity for such a wider political dialogue, the two governments had agreed not to hold a meeting of the Anglo-Irish Intergovernmental Conference between two pre-specified dates. This interval[1] would be used for intensive discussions on a new agreement.

Discussions, Mr Brooke said, had to focus on three relationships. These were:

– those within Northern Ireland, including the relationship between any new institutions there and the British Parliament;

– those among the people of the island of Ireland; and

– those between the British and Irish governments.

Talks would therefore take place in three parts corresponding to these three relationships. A first step would be the opening as soon as possible of substantive talks between the parties in Northern Ireland. These talks, which would be chaired by the Secretary of State, would begin with a round of bilateral meetings before moving on, as soon as possible, into plenary sessions. Once he had judged that an appropriate point had been reached, he would propose formally

[1] The interval will be not less than ten weeks.

that the other two sets of discussions should be launched.

All the Northern Ireland parties would participate actively and directly in the North-South discussions on the relationships between the people of Ireland. The Unionist parties had made it clear that they would regard themselves as members of the British team. All parties had agreed that the three discussions would be under way within weeks of each other.

All stages of the talks would follow a demanding and intensive schedule, and each of the parties would be able to raise any aspect of the various relationships, including constitutional issues.

Concluding, Mr Brooke said that all parties had accepted that nothing would finally be settled in any stage until everything in the talks was agreed as a whole. In the final analysis, he said, 'the outcome will need to be acceptable to the people'.

Background

Since direct rule by the British Government began in Northern Ireland in 1972, several attempts have been made by the Government to secure a stable and effective devolved government supported by Unionists and Nationalists.

The most recent was the election in 1982 of a 78-member assembly charged, among other things, with responsibility for making proposals for a devolved administration acceptable throughout the community. The Nationalist members refused to take their seats and in 1986 the Unionist parties refused to fulfil the Assembly's functions in protest against the 1985 Anglo-Irish Agreement. The Assembly was then dissolved by the Government.

The 1985 Anglo-Irish Agreement affirmed that 'any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland' but recognised that the majority did not want any change in status. The Agreement says that, 'if in the future a majority of the people of Northern Ireland clearly wish for and formally consent to the establishment of a united Ireland', both governments 'will introduce and support in the respective parliaments legislation to give effect to that wish'.

The Agreement established an Intergovernmental Conference to deal on a regular basis with political, security and legal matters and with the promotion of cross-border co-operation. As specified in the Agreement, the Irish Government can use the machinery of the Conference to put forward its views on matters related to Northern Ireland provided that these are not the responsibility of a devolved administration. The Conference has no executive or decision-making powers.

Generally welcomed by the Roman Catholic minority, the Agreement was opposed by many Unionists. The Unionist representatives have maintained that the Agreement infringes the sovereignty of the British Government over Northern Ireland and that it is a step towards a united Ireland. The British Government's view is that British sovereignty is not affected by the Agreement and that it offers benefits to both traditions in Northern Ireland without detracting from the rights of either.

The British Government has continued its efforts to reach a settlement under which a devolved form of administration could be introduced on the basis of acceptability by both parts of the community in Northern Ireland. Since the beginning of 1990 dialogue has been continuing between the Government and the constitutional parties to explore the extent of any common ground. The constitutional parties concerned are the Ulster Unionist Party, the Democratic Unionist Party, the Social and Democratic Labour Party and the Alliance Party.

Shorter Notes

REORGANISATION OF THE PROBATION SERVICE

Decisions on the reorganisation of the probation service in England and Wales were

announced by the Home Secretary, Mr Kenneth Baker, on 11 April.[1]

The announcement followed consultation on proposals contained in a Green Paper which was published in February 1990 (see pp 99-100, 1990). This set out options for reorganisation in the light of the increased role proposed for the probation service in the White Paper *Crime, Justice and Protecting the Public* (see pp 53-8, 1990) and under the Criminal Justice Bill, presently before Parliament (see pp 410-13, 1990).

Mr Baker said that the probation service would remain locally structured and partly funded by local authorities for the time being. However, it would operate 'within a centrally determined framework of objectives and accountabilities'. The main changes proposed are as follows:

1 The membership of probation committees (comprising magistrates and members co-opted from the local community) will be broadened, their size reduced and their role clearly defined. This restructuring will enable the committees to carry out their policy making and budget management functions more effectively.

2 New liaison arrangements will be set up between the probation services, the judiciary and the prison service.

3 Regional collaboration between services will be encouraged to ensure that the full range of non-custodial community sentences is available to the courts.

4 The Probation Inspectorate will be put on a statutory basis under provisions in the Criminal Justice Bill. It will monitor the work of the voluntary and private sectors with the probation service in addition to its existing inspection and advisory duties.

5 The Government will seek new powers, through an amendment to the Criminal Justice Bill, to ensure that probation services follow national objectives and meet national standards. The Secretary of State would be able to initiate default procedures in respect of any probation committee which seriously or persistently failed to comply with any duty prescribed by a statute or rule.

Mr Baker said that the implementation of the proposals would be phased over three years depending on whether and when legislation was introduced.

Source: Home Office news release, 11.4.91.

[1] Details are set out in *Organising Supervision and Punishment in the Community*, which is available free from the Home Office, Queen Anne's Gate, London SW1H 9AT.

VISA REQUIREMENT FOR UGANDANS

On 26 March the Government announced that Ugandan nationals wanting to come to Britain would have to obtain visas before travelling. This decision took effect on 2 April.

Giving details, the Parliamentary Under-Secretary of State at the Home Office, Mr Peter Lloyd, said that Ugandans currently accounted for nearly one in ten of all applications for asylum. Their numbers had risen sharply over a period when respect for human rights in Uganda had substantially improved.

He added: 'The introduction of a visa requirement should benefit all bona fide travellers, who will be less likely to encounter delays on arrival in this country. Our entry clearance unit in Kampala is being strengthened to ensure an efficient service. Regular visitors . . . will be eligible for multiple entry visas.'

Uganda is the only significant source of asylum seekers in Britain whose nationals have not up to now been required to obtain visas before travelling. The visa requirement does not mean any change in the criteria for admission to Britain and it will not prevent any Ugandan who qualifies for admission under the Immigration Rules from coming to Britain.

Some Ugandan nationals will be exempt from the visa requirement. They include:

– those settled in Britain if they return after an absence of no more than two years; and

– those in Britain for a limited period of work, study or some other long-term purpose who return to Britain after a trip abroad before the end of their permission to stay.

Source: Home Office news release, 26.3.91.

External Affairs and Defence

The Gulf Conflict

On 3 April the United Nations Security Council set out the terms for a formal end to the Gulf war following the expulsion of Iraq's forces from Kuwait by Britain and its coalition partners. Iraq has accepted these terms.

PEACE TERMS

On 3 April the UN Security Council approved resolution No 687 (1991) by 12 votes to 1 (Cuba) with 2 abstentions (Yemen and Ecuador).

It affirmed all 13 previous resolutions on the Gulf crisis, 'except as expressly changed below to achieve the goals of this resolution, including a formal ceasefire'.

Borders

The resolution demanded that Iraq and Kuwait respect the international boundary and the allocation of islands set out in the agreement which was signed by both countries in October 1963. The UN Secretary-General would assist in the demarcation of the boundary, and the Security Council would guarantee its inviolability.

Peacekeeping

A United Nations observer unit would be established to monitor a demilitarised zone extending 10 kilometres (about 6 miles) into Iraq and 5 kilometres (about 3 miles) into Kuwait from the international boundary agreed in 1963. Violations of the zone or potential threats to peace would be immediately reported to the Security Council.

The resolution noted that the deployment of the observer unit would enable member states co-operating with Kuwait to bring their military presence in Iraq to an end.

Weapons of Mass Destruction

Chemical, Biological and Missile Capabilities

The resolution invited Iraq to reaffirm unconditionally its obligations under the 1925 Geneva Protocol prohibiting the use of chemical and biological methods of warfare and to ratify the 1972 convention against biological weapons.

It went on to say that Iraq should unconditionally accept 'the destruction, removal, or rendering harmless', under international supervision, of:

– all chemical and biological weapons and related development and production facilities; and

– all ballistic missiles with a range greater than 150 kilometres (about 93 miles) and related maintenance and production facilities.

Iraq would also be required to submit a declaration on the locations, amounts and types of these weapons to the Secretary-General within 15 days of the adoption of the resolution. Within 45 days of the passage of the resolution, the Secretary-General would submit a plan for the approval of the Security Council providing for:

– the formation of a special commission to carry out immediate on-site inspection of Iraq's biological, chemical and missile capabilities (based on Iraq's declaration and the designation of any additional locations by the special commission itself);

– the yielding by Iraq of its biological and

chemical weapons and facilities to the special commission for destruction or neutralisation; and

– the destruction by Iraq, under supervision of the special commission, of all its long-range missile capabilities, including launchers.

These requirements were to be completed within 45 days of the Security Council's approval of the plan. Iraq was also required to 'unconditionally undertake not to use, develop, construct or acquire' chemical and biological weapons or ballistic missiles. The resolution requested that the Secretary-General, in consultation with the special commission, develop a plan for the monitoring and verification of Iraq's compliance.

Nuclear Capability

The resolution invited Iraq to reaffirm unconditionally its obligations under the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (see pp 307-8, 1990).

The Security Council decided that Iraq should undertake:

– not to acquire or develop nuclear weapons or 'nuclear-weapons-usable material' or related research and development facilities;

– to submit a declaration on the locations, amounts and types of such weapons and facilities in Iraq to the Secretary-General and the International Atomic Energy Agency (IAEA)[1] within 15 days of the adoption of the resolution; and

– to place 'all of its nuclear-weapons-usable materials under the exclusive control, for custody and removal, of the IAEA'.

Iraq was required to accept a schedule under which the IAEA, with the assistance of the special commission (see above), would:

– carry out immediate on-site inspection of Iraq's nuclear capabilities (based on Iraq's declaration and the designation of any additional locations by the special commission);

– develop a plan for submission to the Security Council within 45 days providing for the destruction or neutralisation of all Iraq's nuclear capabilities;

– carry out the plan within 45 days following approval by the Security Council;

– develop a further plan, taking into account the rights and obligations of Iraq under the Non-Proliferation Treaty, for the monitoring and verification of Iraq's compliance with its undertakings. This would include an inventory of all nuclear materials in Iraq 'to confirm that IAEA safeguards cover all relevant nuclear activities in Iraq'.

The military limitations imposed upon Iraq by the resolution represented 'steps towards the goal of establishing in the Middle East a zone free from weapons of mass destruction and all missiles for their delivery and the objective of a global ban on chemical weapons'.

Reparations

The resolution reaffirmed Iraq's liability under international law 'for any direct loss, damage, including environmental damage and the depletion of natural resources, or injury to foreign governments, nationals and corporations, as a result of Iraq's unlawful invasion and occupation of Kuwait'. It also demanded that Iraq honour its foreign debts.

The Security Council decided to create a fund to pay compensation for claims against Iraq. The fund would be administered by a commission and would be financed by a percentage of Iraq's oil revenues. Within 30 days of the adoption of the resolution, the Secretary-General would present recommendations to the Security Council for:

– administering the fund;

– determining the level of Iraq's contributions, taking into account the needs of its people, its economic capacity and its foreign debts;

– ensuring that payments are made by Iraq to the fund;

– arranging the allocation of funds and the payment of claims; and

– evaluating losses, listing claims and verifying their validity and resolving disputed claims.

[1] The IAEA is a specialised agency of the United Nations. Its aim is to prevent the diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices through safeguards arrangements negotiated with individual states. In addition, it verifies the obligations of states which are signatories of the Non-Proliferation Treaty.

Sanctions

On sanctions against Iraq (see pp 278-9, 1990), the resolution declared that with immediate effect Iraq could import foodstuffs and 'materials and supplies for essential civilian needs'. The Security Council would review restrictions on the sale or supply of non-military goods to Iraq every 60 days.

The embargo on Iraqi exports would be removed once the Security Council had approved the mechanism for reparations and Iraq's weapons of mass destruction had been eliminated.

The resolution maintained the ban on the sale or supply to Iraq of arms, military technology and support services, including conventional equipment. The Secretary-General would draw up guidelines to facilitate full international implementation of the embargo. The Security Council would review the ban relating to conventional arms on a regular basis, 'taking into account Iraq's compliance with this resolution and general progress towards the control of armaments in the region'.

Other Provisions

The resolution declared that Iraq should facilitate the repatriation of all Kuwaiti and third country nationals by extending all necessary co-operation to the International Committee of the Red Cross.

Iraq was required to condemn and renounce international terrorism.

Upon Iraq's official acceptance of the provisions of the resolution 'a formal ceasefire is effective between Iraq and Kuwait and the member states co-operating with Kuwait in accordance with resolution 678 (1990)' (see p 421, 1990).

British Statement

Speaking after the adoption of the resolution, the British Permanent Representative to the United Nations, Sir David Hannay, told the Security Council on 3 April that the expulsion of Iraq from Kuwait had marked a 'clear, firm and effective determination of the world community not to allow the law of the jungle to overcome the rule of law'.

He continued: 'Just as the Security Council had the primary responsibility to reverse the aggression so it has also to lay sound foundations for the future and to ensure that we are not again confronted with such a ruthless and comprehensive challenge to international law'.

Borders

Sir David said that the boundary between Iraq and Kuwait had been settled in 1963. However, the border had not been demarcated and Iraq had raised territorial claims which were incompatible with the 1963 agreement. Britain considered that the rapid demarcation of the border, monitored by a UN observer unit and guaranteed by the Security Council, would prevent a repetition of Iraqi aggression.

Iraq's Military Capacity

Sir David considered that Iraq's weapons of mass destruction should be eliminated because 'Iraq alone in the region has not only developed many of these appalling weapons, it has actually used them against both a neighbouring state and against its own population; and it has made the threat of their use part of the daily discourse of its diplomacy'. He added that action against Iraq's weapons of mass destruction should be part of a wider arms control strategy for the whole Middle East region. The conventional arms embargo against Iraq had to be strictly maintained.

Compensation

Iraq had to pay compensation, said Sir David, for the destruction of Kuwait's economy, infrastructure and natural resources and for the environmental damage to the whole Gulf region. However, the Security Council recognised that the Iraqi economy should not be crippled by the burden of payment. The resolution therefore made financial provision for meeting claims out of a limited proportion of Iraq's future oil revenues.

Sir David added that Iraq's economy had been adversely affected by the high level of military expenditure under President Saddam Hussein's regime (28 per cent of Iraq's gross national product in 1988). Without the burden of such expenditure Iraq, with its oil wealth, could assure both 'a reasonable measure' of economic development and prosperity and meet claims for compensation.

Conclusion

Concluding, Sir David said that Iraq could not rejoin the community of civilised nations while President Saddam Hussein remained in power. 'Nothing illustrates this point better than the brutal repression that is taking place in Iraq now of all those, Kurds and others, who want a different sort of Iraq from the totalitarian tyranny of recent years' (see pp 141-4). He added that Britain shared the desire of the Iraqi opposition for the establishment of democracy and human rights in Iraq and for the preservation of its territorial integrity and sovereignty.

Deployment of UN Peace Force

On 9 April the Security Council unanimously adopted resolution No 689 (1991) providing for the deployment of the United Nations Iraq-Kuwait Observer Mission (UNIKOM) in the demilitarised zone. UNIKOM will consist eventually of up to 1,440 armed and unarmed military personnel provided by UN member states. On 12 April, Britain agreed to contribute 20 officers to the initial deployment of 300 men.

Iraqi Refugees

Britain's proposal for a 'safe haven' in northern Iraq for Kurdish refugees who have fled violent repression by the Iraqi regime is being implemented in conjunction with the United States and France.

After the provisional Gulf war ceasefire (see pp 95-7), an armed rebellion against President Saddam Hussein's regime broke out, particularly among Shia Muslims in the south of Iraq and the Kurdish population in the north. Despite initial rebel success, troops loyal to the regime violently suppressed the revolt during March.

Some two million Iraqi Kurdish refugees converged on the border areas with Iran and Turkey seeking sanctuary from reprisals by the Iraqi army. The plight of the refugees, lacking food, water or shelter, prompted international action.

On 16 April the United States President, Mr George Bush, announced that British, French and US forces would be deployed in northern Iraq to protect camps being set up for the Kurds in line with Britain's safe haven proposal (see p 142).

United Nations Security Council Resolution

On 5 April the Security Council adopted resolution No 688 (1991) on the Iraqi refugee crisis, by 10 votes to 3 (Cuba, Yemen and Zimbabwe) with 2 abstentions (the People's Republic of China and India).

The resolution demanded an end to the repression of the Iraqi civilian population in many parts of Iraq, 'including most recently in Kurdish populated areas, the consequences of which threaten international peace and security in the region'. It insisted that the Iraqi authorities allow immediate access for international humanitarian organisations to provide relief aid in all parts of Iraq.

The Secretary-General was requested to 'use all the resources at his disposal . . . to address urgently the critical needs of the refugees and displaced Iraqi population'. The resolution also appealed to UN member states to contribute to humanitarian relief efforts.

British Statement

The British Permanent Representative at the United Nations, Sir David Hannay, said that the resolution sent a clear message to the Iraqi regime that it must stop 'the repression, the harrying and killing of innocent men, women and children, which is at the root of this massive exodus to Turkey and Iran'. It also gave backing to the relief efforts of United Nations, governmental and non-governmental organisations.

Britain, said Sir David, rejected the argument that the issue of the Kurdish refugees was entirely an internal Iraqi matter. Security Council action was justified on the grounds that:

– human rights violations were not exclusively a domestic issue (which would preclude United Nations intervention under its Charter);

– the surge of Kurdish refugees was destabilising the whole region, threatening international peace and security; and

– Iraq had international obligations under the 1949 Geneva Convention to protect innocent civilians from violence in the case of internal armed conflicts.

Sir David added that the responsibility for 'this human tragedy' lay squarely with the Government of Iraq. Its 'brutality towards its own population is only matched by its aggressive action towards its neighbours and by its disregard for international law and for all civilised standards and behaviour'.

British Aid

On 4 April the Prime Minister, Mr John Major, said that Britain was starting airlifts of tents and blankets to Turkey [and subsequently to Iran] to help the Kurdish refugees. Funds were also being made available to the International Committee of the Red Cross.

Noting that the UN Secretary-General would launch a humanitarian appeal on 8 April for Iraqi refugees, Mr Major declared that Britain was pledging about £20 million, both directly and through the European Community (£8 million and £12 million respectively), to this relief fund.

Britain's Proposals for Kurdish Protection

In the course of the special meeting of the European Council in Luxembourg on 8 April, Mr Major put forward a four-point action plan, designed to build on Security Council resolutions 687 (1991) and 688 (1991). The plan envisaged:

1 agreement on a substantial European Community contribution to the UN Secretary-General's international relief appeal;

2 the establishment of a safe haven in northern Iraq under United Nations control where refugees, particularly Kurds, would be safe from attack from the Iraqi army and able to receive relief supplies 'in a regular and orderly way';

3 the maintenance of sanctions against Iraq until Saddam Hussein's offer of an amnesty to the Kurds[1] was made permanent and the persecution of Iraqi Kurds ceased; and

4 the maintenance of a total arms embargo against Iraq for as long as Saddam Hussein remained in power.

In addition, Mr Major proposed a United Nations arms sales register to monitor and control the scale of arms build-up in any one country. He believed that this would provide 'an early warning of a country that was building up an offensive rather than a defensive capacity'. The international community would then be better placed to deal with the threat.

Endorsing Mr Major's four-point programme, the European Council in Luxembourg approved a relief aid package worth over £100 million (inclusive of Britain's contribution of £12 million).

On 9 April, Iraq rejected the setting up of a UN-controlled area for the Kurds, adding that it would actively resist such a proposal. A spokesman for the British Government declared that this denunciation 'said everything about the Iraqi Government's contempt for human life'. Britain would continue to work with its European Community partners and other UN Security Council members to put its proposal into place.

United States Position

On 10 April, the United States Government announced that it had warned Iraq not to interfere militarily with the international humanitarian relief efforts underway in Iraq to help the refugees. A government spokesman, Mr Marlin Fitzwater, said that the United States was taking the lead, with Britain and France, in airlifting emergency supplies to refugees in the north of Iraq and was directly supporting more than 40,000 refugees in the south.

Mr Fitzwater noted that the UN High Commissioner for Refugees had agreed to assume responsibility for 'the care and protection of refugees and displaced persons in coalition-occupied southern Iraq when US forces withdraw'. The International Committee of the Red Cross was helping to effect the orderly transition of 'assistance responsibilities' between US military forces and the United Nations.

[1] A limited amnesty for Iraqi Kurds was announced on 5 April by the Iraqi Revolution Command Council. It was extended for a brief period on 11 April.

Foreign and Commonwealth Secretary's Statements

In a statement to the House of Commons on 15 April (*Hansard*, Vol 189, No 87, cols 21-39), the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that Britain's priorities were to keep the refugees alive and to create conditions in which they could return home in safety.

In addition to Britain's airlift of relief supplies to the Turkish and Iranian Red Crescent Societies, the Royal Air Force was dropping supplies to refugees in northern Iraq in co-operation with the United States and France. Mr Hurd said that nine Chinook helicopters were also being deployed to Turkey to distribute supplies in border areas.

The aim of Britain's proposal for safe havens in Iraq, explained Mr Hurd, was 'to create places and conditions in which the refugees can feel secure. We are not talking of a territorial enclave, a separate Kurdistan or a permanent UN presence. We support the territorial integrity of Iraq.'

Mr Hurd said that the Kurds must be 'enabled and encouraged' to return to their homes, where effective help could be given. However, assurances by the Iraqi Government over their security would not suffice. 'The United Nations presence in Iraq must build up fast and solidly to monitor and to ensure the safety of those whom the Security Council has resolved to help.' He reiterated the United States' warning to Iraq not to interfere with the international relief effort.

Implementation of British Proposal for Safe Havens

In a further statement to the House of Commons on 17 April (*Hansard*, Vol 189, No 89, cols 419-32), Mr Hurd confirmed that temporary safe havens for refugees in northern Iraq were to be established.

He said: 'We warmly welcome the decision announced by President Bush late yesterday to establish, in conjunction with ourselves and the French, several encampments in northern Iraq where relief supplies for the refugees will be made available in large quantities and distributed in an orderly way.' He explained that security for the refugees would be provided at the temporary sites by United States, British and French forces. Britain was working out the details of the plan with its allies and the UN Secretary-General.

Mr Hurd emphasised that the Government regarded the five or six camps envisaged under the plan as temporary. 'This is an immediate measure designed to save lives.' He could not indicate how long British forces would be deployed in northern Iraq but added that the aim was 'to hand over the function to the United Nations as soon as is practicable'. He reiterated that the Iraqi Government was obliged to co-operate in the humanitarian relief effort under the terms of UN Security Council resolution No 688 (1991).

Britain, said Mr Hurd, would continue its own additional relief operations, delivering supplies to Turkey and to Iran. He recognised the urgent need to build up the international effort to help the Kurds in Iran. However, there were no plans to establish safe havens on Iraq's border with Iran.

British Troop Deployment

Details of the British troop deployment were announced by the Secretary of State for Defence, Mr Tom King, in the House of Commons on 18 April (*Hansard*, Vol 189, No 90, cols 571-83).

Mr King said that the British contingent would be drawn from a commando brigade of the Royal Marines, who were well suited for rapid deployment and trained to operate in mountain areas. The brigade would include specialists in engineering, water supply, communications and medical personnel. In addition, logistic support would be provided to sustain the operation. The bulk of the brigade would be based in Turkey, with units rotating into Iraq.

Regarding the accommodation for the refugees, Mr King said that the camps would probably take the form of a number of tented villages around a central distribution point. The Kurds would be helped to organise themselves within the camps, with British forces providing the security.

Concluding, Mr King said that the operation was 'a temporary arrangement to provide shelter and supplies to hundreds of thousands of people who desperately need them and to give them the confidence that, in these havens, they will be safe'.

Answering questions, Mr King confirmed that Britain was not prepared to allow armed Kurds to use the camps as bases from which to pursue their campaigns.

Shorter Notes

SINGLE EUROPEAN MARKET

Regulations have been laid before Parliament designed to implement European Community legislation providing for the free movement of professionals within member states.

The Community's Directive requires all member states to remove certain barriers to the entry into their professions of suitably qualified 'migrants' from other member states. Its main effect is to allow professionals to use their home state qualifications to enter professions in other member states without the need to requalify.

Giving details on 27 March, Mr Tim Sainsbury, Minister of State at the Department of Trade and Industry, said that the Directive represented a significant improvement in the opportunities available to members of the professions throughout the Community. He also considered that consumers would benefit from improved competition in the provision of professional services. Britain would be only the second Community member state (after the Irish Republic) to have implemented the Directive in full.

The Directive and Britain's implementing regulations apply only to regulated professions with entry requirements of a three-year post-secondary course at a university or other higher education establishment or equivalent. A profession is regulated when practice of the profession is subject to requirements laid down by law or administrative provision, or (in Britain and the Irish Republic) when there is a professional title and/or designatory letters awarded on membership of a chartered professional institution.

Migrants seeking to practice in Britain may have to provide evidence of prior professional experience, complete an adaptation period or pass an aptitude test. Such safeguards will apply in circumstances where a migrant's training and education fall short of that required in Britain.

Source: Department of Trade and Industry news release, 27.3.91.

RELATIONS WITH IRAN

The British Government welcomed Iran's decision to release Mr Roger Cooper, a British subject, from prison on 2 April. Mr Cooper had been in detention for over five years on charges of spying, which he always denied. He was deported immediately upon his release.

Although Britain resumed diplomatic relations with Iran in September 1990 (see p 347, 1990), the Government made clear that there could be no substantial improvement in Anglo-Iranian relations without the release of Mr Cooper and of the British hostages held in Lebanon (see p 206, 1990).

On 2 April, Mr Douglas Hogg, Minister of State at the Foreign and Commonwealth Office, said that Britain did not intend to exchange ambassadors with Iran until the freedom of the hostages in Lebanon had been secured. He denied any link between the release of Mr Cooper and the deportation in March of an Iranian national from Britain who was facing charges for arson.

Source: BBC Radio interviews with Mr Hogg on 2 April.

Economic and Scientific Affairs

The Budget

The Government's central economic objective, as announced in the Budget, presented by the Chancellor of the Exchequer, Mr Norman Lamont, on 19 March, is to secure a lasting fall in inflation. The Budget contained a number of tax measures to help business. The community charge has been substantially reduced and value added tax increased.

The main Budget proposals are outlined below. They are followed by a summary of the Chancellor's statement, in which other subjects, including the economic forecast, monetary policy, public finance and fiscal policy, are covered. Tables are taken from the *Financial Statement and Budget Report 1991-92*,[1] published on Budget day.

MAIN PROPOSALS

Taxation

Income Tax

Most allowances raised in line with inflation (after statutory rounding, the increases range from 9·4 per cent to 9·8 per cent).

Personal allowance increased from £3,005 to £3,295. For people aged 65 to 74, single age allowance raised from £3,670 to £4,020; age allowance for married couples increased from £2,145 to £2,355. For people aged 75 and over, single age allowance raised from £3,820 to £4,180; age allowance for married couples increased from £2,185 to £2,395. Income limit for age allowances raised from £12,300 to £13,500.

No raising of married couple's allowance for those under 65, additional personal allowance or widow's bereavement allowance. (However, extra help given to families with children by increasing weekly child benefit rates by £1 for the oldest eligible child and 25p for all other children, to £9·25 and £7·50 respectively.)

Threshold for the higher – 40 per cent – rate of income tax raised by 14·5 per cent, from £20,700 of taxable income to £23,700.

Scale charges for taxation of private use of company cars increased by 20 per cent (and employers to pay National Insurance contributions on employees' private use of such cars).

Private use of mobile telephones provided by employers to be subject to income tax. The sum taxed to be a standard amount of £200 a year for each telephone.

Income tax relief on mortgage interest payments to be restricted to the basic rate (unchanged at 25 per cent although the ultimate objective remains to move towards 20 per cent).

Introduction of a new income tax relief for people who pay for their own training, leading to National Vocational Qualifications or their Scottish equivalent.

The whole of profit-related pay (see p 129, 1987) to qualify for income tax relief (instead of half).

Corporation Tax

Increase from £200,000 to £250,000 in annual profits limits below which the small companies' rate of 25 per cent applies.

Rise from £1 million to £1,250,000 in the limits below which companies receive relief from the full rate.

[1] *Financial Statement and Budget Report 1991-92*. HM Treasury. HMSO, £9·25. ISBN 0 10 230091 7.

Table 1
Public Sector Borrowing Requirement

£'000 million

	Estimated outturn 1990-91	Plans 1991-92	1992-93	1993-94	1994-95
Public expenditure planning total	180	205	221	232	243
Self-financed expenditure of local authorities	14·5	9	9·5	11·5	13
Central government debt interest	17·5	16·5	17	17·5	17·5
Accounting adjustments	3·5	4	5	5·5	6
General government expenditure	*216*	*235*	*252*	*266*	*279*
Taxes on incomes, expenditure and capital	171	177	188	204	219
Social security contributions	35	37	40	44	48
Interest and dividends	6	6	6	6	7
Other receipts	4	6	6	7	7
General government receipts	*217*	*226*	*240*	*260*	*281*
Fiscal adjustment from previous years	–	–	–	0	1
Annual fiscal adjustment*	–	–	0	1	1
General government borrowing requirement	*–1*	*8*	*12*	*7*	*0*
Market and overseas borrowing of public corporations	0	0	0	0	0
Public sector borrowing requirement	*–1*	*8*	*12*	*7*	*0*
As percentage of gross domestic product	–0·25	1·25	2	1	0

*Implies lower taxes or higher expenditure than assumed in totals for general government expenditure and receipts.
Note: Differences between totals and the sums of their component parts are due to rounding.

Full rate to be cut from 35 per cent to 34 per cent for 1990-91 (the tax is paid in arrears) and to 33 per cent for 1991-92.

Value Added Tax

Standard rate raised from 15 per cent to 17·5 per cent.

Registration limit (annual turnover above which businesses must register for value added tax – VAT) raised from £25,400 to £35,000, following the easing of European Community restrictions.

Halving from two years to one in the waiting period for relief from VAT on bad debts which have been written off in the trader's accounts.

Capital Gains Tax

Increase in line with inflation in the annual exempt amount, from £5,000 to £5,500 for individuals and from £2,500 to £2,750 for trusts.

Qualifying age for retirement relief on the disposal of businesses lowered from 60 to 55.

Lower exemption limit for retirement relief raised from £125,000 to £150,000 and upper limit from £375,000 to £600,000. The first £150,000 of gains and half the next £450,000 to be exempt from the tax.

Inheritance Tax

Increase in inheritance tax threshold from £128,000 to £140,000, in line with inflation.

Excise Duties

Excise duties as a whole raised broadly in line with inflation but with some modest adjustments.

Alcoholic Drinks

Duties increased in line with inflation, adding about 2p to the price of a pint of beer, 9p to that of a bottle of wine and 56p to that of a bottle of spirits.

Table 2
Public Sector Finances *£'000 million*

	1990-91 forecast in 1990 Budget	1990-91 latest estimate	1991-92 forecast in 1991 Budget
Receipts			
Inland Revenue			
Income tax	55·0	55·5	59·6
Corporation tax*	20·7	21·6	19·5
Petroleum revenue tax	1·1	0·9	0·0
Capital gains tax	2·1	1·9	1·4
Inheritance tax	1·2	1·3	1·3
Stamp duties	1·9	1·7	2·1
Total Inland Revenue	*81·9*	*82·9*	*83·9*
Customs and Excise			
Value added tax	32·1	30·8	35·7
Oil, tobacco and alcohol	20·0	20·1	22·2
Betting and gaming	1·0	1·0	1·1
Car tax	1·5	1·4	1·3
Customs duties	1·9	1·7	1·7
Agricultural levies	0·1	0·1	0·2
Total Customs and Excise	*56·7*	*55·3*	*62·2*
Vehicle excise duties	3·0	3·0	3·0
Oil royalties	0·7	0·6	0·5
Local authority and national non-domestic rates	12·2	12·2	14·4
Other taxes and royalties	3·2	3·5	3·8
Total taxes and royalties	*157·7*	*157·5*	*167·6*
Social security	35·4	34·9	36·7
Community charge	11·2	10·4	7·6
Interest and dividends	6·4	6·4	6·1
Gross trading surpluses and rent	3·0	3·4	3·3
Other receipts	4·9	4·0	5·1
General government receipts	**218·6**	**216·6**	**226·5**
Expenditure			
Central government's own expenditure	138·7	140·6	152·1
Central government support for local authorities	41·8	42·6	52·5
Financing requirements of nationalised industries	0·5	2·5	2·3
Privatisation proceeds	–5·0	–5·3	–5·5
Reserve	3·0	–	3·5
Public expenditure planning total	**179·0**	**180·4**	**205·0**
Self-financed expenditure of local authorities	13·3	14·7	9·1
Central government debt interest	17·0	17·6	16·7
Accounting adjustments	3·4	3·4	3·9
General government expenditure	**212·7**	**216·0**	**234·8**
Net of repayments	7·5	7·6	7·9

*Including advance corporation tax.

Note: Differences between totals and the sums of their component parts are due to rounding.

Tobacco

Tobacco duties raised by 15 per cent, adding around 16p to the price of 20 cigarettes and 8p to that of five small cigars.

Petrol and Derv

Duties on petrol and derv increased by 15 per cent, adding some 18p to the price of a gallon of leaded petrol and 15p to that of both unleaded petrol and derv.

Community Charge

Community charge (see pp 130-2) throughout Great Britain in 1991-92 cut by £140 a head. (Domestic rates in Northern Ireland reduced.)

Measures to Encourage Saving

National Savings

Introduction of a Children's Bonus Bond, for initial purchase by those under 16. Available in multiples of £25.

A new issue of fixed-interest Savings Certificates, with a maximum permitted holding of £5,000 compared with £1,000 for the last issue.

Personal Equity Plans

New facility for investing up to £3,000 a year in a single-company Personal Equity Plan (PEP – see p 125, 1986). This is on top of the existing facility to invest up to £6,000 a year in a general PEP (involving the shares of more than one company).

Coverage of PEP shares widened to include those quoted in other European Community countries and not just Britain.

Charities

Abolition of the £5 million a year upper limit on gifts to charities qualifying for tax relief under Gift Aid (see p 135, 1990).

Further extension of zero rate of VAT to a wide range of supplies to charities.

Introduction of tax relief on gifts of equipment by businesses to educational establishments.

Sport and the Arts

Cut in pool betting duty from 40 per cent to 37·5 per cent for an initial period of four years provided that the revenue foregone by the Government is channelled by the pools promoters into a new foundation for sport and the arts.

Share Sales

Proposals invited from the private sector on arrangements to sell shares in future large privatisations directly to the public through High Street retail networks, thus encouraging the development of such outlets.

The Government to sell part of its current 49 per cent holding of shares in BT [formerly British Telecom], possibly using this method.

Consultative Documents

The publication of five consultative documents was announced. The subjects are:

– simplifying the taxation of the self-employed;

– the taxation of companies' foreign exchange gains and losses;

– reform of the subcontractor tax deduction and exemption scheme in the construction industry;

– the taxation of trusts; and

– tax appeals.

CHANCELLOR'S STATEMENT

Introducing his Budget in the House of Commons (*Hansard*, Vol 188, No 79, cols 163-81), the Chancellor said that the Government's central economic aim was to bring inflation down and keep it down. Beyond that, the objective was to encourage enterprise by creating a broadly based tax system that allowed markets to do their job with the minimum of economic distortion or government interference. While there was no scope in the current year for an overall reduction in taxes, the Budget included short-term measures to help businesses through the recession and long-term measures to help them to invest. It would provide assistance to families, continue the process of tax reform, and make some radical changes to the tax system.

Economic Situation and Prospects

World Economy

The past year, the Chancellor said, had brought recession to a number of major industrialised countries, including the United States, Canada and Australia. Growth in

Germany had been sustained by unification (see pp 339-40, 1990). Elsewhere in Europe, however, the pace of activity had slowed and industrial production had fallen in recent months in Spain, Italy and France. Industrial output in five of the leading seven industrialised nations was now lower than a year previously.

The basic cause was everywhere the same: very rapid growth in the industrialised countries during the 1980s had led to the re-emergence of inflationary pressures and so a period of slower growth was needed to prevent inflation from taking root again. In autumn 1990 the slowdown had been magnified by the Gulf crisis (see pp 93-7). Business and consumer confidence were severely hit at first by the uncertainties and the sharp rise in oil prices that followed the invasion of Kuwait and then by the prospect of war. Travel and tourism were hit especially hard. With the ending of the war, confidence was recovering, which would strengthen the upturn when it occurred. The fall in oil prices had already improved the outlook for inflation.

The year 1991 would see little growth in the seven major economies – a 0·5 per cent increase in industrial production compared with some 5·75 per cent in 1988 – but the slowdown was unlikely to last long. Inflation was moderating in those countries in recession; activity should start to recover later in 1991 in North America, helped by continued expansion in Germany and Japan.

British Economy: Recent Developments

In Britain, the Chancellor continued, the recession came after eight years of growth at an annual average of 3 per cent. This sustained growth bred confidence, which, in turn, led to an unprecedented rise in borrowing. Personal borrowing grew by nearly 40 per cent in 1988 alone, raising the ratio of debt to income to a record level. This led to a sharp drop in the personal saving ratio, which coincided with a 'massive boom' in investment by companies. Expansion could not continue at this pace: the current account of the balance of payments deteriorated and there was a 'wholly unwelcome' rise in inflation.

Mr Lamont admitted, with the benefit of hindsight, that policy should have been tighter. Indeed, once the problem was clear, policy was tightened. There was a large budget surplus and interest rates were raised – to stay high until there were unmistakable signs that excess demand had been removed. This took longer than expected; the delay meant that the eventual adjustment was all the sharper.

Since the middle of 1990 individuals and companies had been taking steps to reduce their borrowing. Consumer spending had fallen and the saving ratio had risen sharply. Firms had experienced difficulties: low turnover and rising costs had contributed to a weakening in profits while the burden of debt taken on in the late 1980s had proved heavy.

It was therefore not surprising that business investment had fallen from the high levels of 1989 and early 1990. Stocks were now being reduced and companies were making 'strenuous efforts' to cut costs. This had led to a sharp increase in unemployment recently. The Chancellor expected output in 1991 as a whole to be about 2 per cent lower than in 1990. Much of this fall had already occurred and the resumption in growth 'should not be long delayed'.

'The process of retrenchment' was now producing results. The current account deficit – especially that on manufactures – had improved sharply despite the weakness of world trade. Imports had fallen while exports in some sectors – notably cars – had continued to grow strongly. Inflation was on the decline, with a drop of 2 percentage points in the annual rate since the October 1990 peak and widespread agreement of a continued fall through 1991 and into 1992.

British Economy: Medium-term Outlook

The annual rate of inflation was forecast to fall to 4 per cent in the fourth quarter of 1991 and to decline still further in the first half of 1992. 'The prospect, therefore, is that we will narrow the inflation gap with Europe remarkably quickly.' Mr Lamont added that lower inflation, and the lower interest rates that went with it, would be a powerful force for recovery. He expected the recovery to begin around the middle of 1991 although it might initially be slow. The revival of consumer confidence – which was taking place with the ending of the Gulf conflict – was likely to lead

the recovery. In addition, the rundown in stocks was expected to slow and Britain would benefit from the upturn in the United States and elsewhere.

As a result, the Chancellor expected output to stabilise in the next few months and then to rise so that by the first half of 1992 it would be some 2 per cent higher than a year earlier. Further projections showed growth of about 3 per cent a year as the economy recovered further.

The easing in the pressure of demand had already brought about a marked improvement in the current account. In 1991 Mr Lamont expected the deficit to be halved, to £6,000 million – equal to about 1 per cent of national income.

He regretted that unemployment was likely to go on rising for a while [the March figure was 2·1 million, equal to 7·4 per cent of the workforce], even after the onset of the recovery. The extent and speed of the rise would depend in part on the time which pay settlements took to come down. They had to come down eventually to the levels prevailing in other countries that belonged to the exchange rate mechanism (ERM) of the European Monetary System (see pp 338-9 and 378-80, 1990). 'There is no escape route through devaluation, and firms know this.' Fortunately, 'a sharp fall in inflation is in prospect'.

The reforms introduced by the Government over the past decade had led to increased pay flexibility, with some firms deferring pay settlements or agreeing pay pauses. 'The more firms that follow their lead, the sooner we can reverse the trend in unemployment, and start creating jobs again.'

British Economy: Long-term Prospect

There was every reason for optimism about British economic performance in the 1990s, Mr Lamont continued. Recessions were painful; but they were inescapable and, moreover, temporary. Growth in the longer term depended on a 'thriving, competitive private sector'. This Britain now had – as a result of the reforms of the past ten years.

The Chancellor listed the achievements:

– a record number of new businesses;

– faster growth in manufacturing productivity than any other major industrialised country; and

– faster growth in investment than any of these countries except Japan.

These achievements had helped Britain, over the past seven years, to maintain its share of world trade after 30 years of decline. They made the 1980s the first recent decade in which Britain had grown faster than the Federal Republic of Germany and France.

Monetary Policy

There was one proviso for economic success, Mr Lamont continued: inflation had to be brought down and kept down. Eradicating inflation meant high interest rates, bankruptcies and job losses. But the costs of living with inflation were even higher. Inflation made industry uncompetitive; it destroyed savings; and it created uncertainty and strife. Because a high rate of inflation was never stable, it could easily get out of control.

Britain's decision to join the ERM in October 1990 provided 'a more secure framework for combating inflation in the future'. Linking sterling to other currencies with a record of low inflation would constitute an added discipline for monetary policy. Britain would apply itself wholeheartedly to making membership a success.

This had been the case so far. Sterling had traded comfortably within its band during a difficult period and its index was much where it had been before ERM entry. Recent interest rate reductions had been well received by the financial markets.

Entry meant the role of domestic indicators in guiding monetary policy had to be reassessed. The Chancellor said that interest rates would be set to honour Britain's ERM commitment, but monetary targets still had an important role to play domestically. Narrow money, M0, had continued 'to provide timely evidence of monetary developments'. Consistent with his determination to bring about further downward pressure on inflation, Mr Lamont was proposing a 1991-92 target range for growth of M0 of 0 to 4 per cent – slightly lower than the 1990-91 target range of 1 to 5 per cent (which had been met since August 1990). He would also continue

to watch closely other monetary indicators, including broad money and asset prices.

Mr Lamont envisaged no sustained conflict between domestic monetary indicators and ERM obligations. The best way of minimising the risk of conflict was to build up credibility within the ERM. The same policies were necessary to defeat inflation and to sustain the exchange rate. There were no immediate plans to move sterling into a narrow ERM band (that is, with a permitted fluctuation of 2·5 per cent in either direction instead of the existing 6 per cent). The timing of such a move depended on the progress made in reducing inflation.

Public Finance and Fiscal Policy

During the 1980s Britain's public finances had been transformed. The budget deficit had been reduced and then eliminated and the ratio of public sector debt to gross domestic product cut from 50 per cent in 1979 to its present level of under 30 per cent. Firm control of public expenditure remained central to the Government's strategy. It would continue to aim for a balanced budget over the medium term. ERM membership did not alter the requirement for fiscal policy to buttress monetary policy and to play its part in curbing inflation.

The Chancellor recognised that the budget balance varied markedly over the economic cycle. At times of strongly growing activity (such as the late 1980s in Britain) tax revenues rose relative to income and lower unemployment brought with it lower social security payments. With a slowing in activity, these forces went into reverse, so Britain's budget surplus had shrunk over the past two years and a temporary re-emergence of a public sector borrowing requirement was now likely. Cyclical swings in the budget balance were automatic and could play a useful role in offsetting swings in private sector borrowing and in stabilising the economy.

Public sector finances in 1990-91 had been affected by the recession and the Gulf conflict. However, as a result of assistance received from Britain's allies, the net effects of the conflict on borrowing had been less than feared. The public expenditure planning total in 1990-91 was now expected to be a little lower than forecast in the 1990 Autumn Statement (see pp 426-7, 1990). Despite the Gulf conflict, the Chancellor expected a further debt repayment in 1990-91 of nearly £1,000 million. For 1991-92, he judged that a deficit of £8,000 million (equal to some 1·25 per cent of gross domestic product) would 'fairly reflect the strength of cyclical influences'. For the same reason, he was prepared to tolerate a somewhat higher deficit in 1992-93, explaining that it took time for the effects of lower activity to feed through fully into revenue (notably corporation tax). The Budget would have a broadly neutral effect in 1991-92 but would lead to a modest increase in revenue in 1992-93.

Conclusion

Commending his measures to the House, Mr Lamont said that they were designed to meet the three main requirements of any Budget. First, they represented 'sound finance' and contributed to a firm counter-inflationary policy. Secondly, his 'Budget for business' responded to current economic needs. The Chancellor had cut taxes on business to help it weather the recession and to take advantage of the coming upturn. Thirdly, they continued the reform of the tax system to improve the working of the economy in the long term.

OPPOSITION VIEWS

Replying to the Budget for the official Opposition on 20 March (*Hansard*, Vol 188, No 80, cols 299-309), Mr John Smith said that the Government had used economic forecasts 'ruthlessly and irresponsibly to conceal the real trends in economic performance by always painting a reassuring picture about future prospects'. He went on to say that, over the past 12 years, the Government had 'indulged in the economics of the roller-coaster', with the cycle of boom and bust. The Budget confirmed how little the Government had learned from experience.

For the Liberal Democrats (*Hansard*, Vol 188, No 80, cols 325-9), Mr Alan Beith welcomed many of the tax changes and the indexation of excise duties but he regretted the absence of compensating benefits for the tax raising measures. Several items were mis-

sing from the Budget and there was 'a large gap when it comes to green measures'. The Budget was 'not sufficient to guide us safely out of recession'.

British Design Awards

The Design Council announced the 19 winning products of the 1991 British Design Awards on 21 March. The awards increasingly reflect the effective use of electronics and the use of a wider choice of materials by designers.

The British Design Awards were started in 1957 and a total of 670 awards have been made since then. The awards, judged by panels of people eminent in the relevant field, are given in recognition of design innovation, excellent performance and reliability, ease of use, manufacture and maintenance, outstanding appearance, value for money and international success. The 1991 awards were made for components, computer software, consumer goods, contract goods, engineering products, medical equipment and motor industry products. The awards are sponsored by National Power plc.

The following awards were made:

Components

Hydraulic Projects Ltd of Dawlish, Devon, have devised an Electro-Hydraulic Linear Actuator, which is used to move a boat's rudder in response to the autopilot's command.

The Integrated Shielded Magnet, developed by Elscint Cryomagnetics of Wallingford, Oxfordshire, uses superconducting material which makes for superior image clarity at a competitive price.

The Stripper Head made by Shelbourne Reynolds Engineering Ltd of Bury St Edmunds, Suffolk, harvests crops at twice the normal rate and will lower loss levels.

Computer Software

The Inner London Educational Computing Centre has developed ALLWRITE, a multilingual word processing system capable of coping with complex script characters for 18 major first languages spoken in London, including Bengali, Gujurati and Vietnamese.

The Wessex Estimating and Take-Off System Version 2 is an estimating and calculating system for quantity surveyors which incorporates a large database of building information. It was developed by Wessex Software of Poole, Dorset.

Consumer Goods

Navigator's Yeoman is an electronic navigation plotter for leisurecraft. Combining a competitive price with ease of use, it is made by Yeoman Marine of Passfield, Hampshire.

Karrimor International Ltd of Accrington, Lancashire, has designed the Condor Rucsac, a backpack which is adjustable for weight distribution and load balancing on the back and while on the move.

The spring/summer fashion collection produced by Nicole Farhi of London is suitable for both day and evening wear.

Contract Goods

Trax public seating is a public concourse seating system which combines durability and ease of maintenance with an attractive appearance and comfort. Its designer is OMK Design Ltd of London.

Soundcraft Electronics of Borehamwood, Hertfordshire, has produced the 200 Delta, a professional mixing console which is both technically sophisticated and aesthetically striking.

An extremely lightweight and accurate hand-held herbicide sprayer, the Nomix Compact, is made by Nomix Chipman Ltd of Bristol. The product's innovative design eliminates chemical wastage within its container.

Engineering Products

The first in a new generation of electropneumatic breakers, the 1400 Light Breaker, is designed by Kango Ltd of Peterborough. The power tool is extremely tough, functionally efficient and of modern appearance.

The Navstar XR4 GPS Receiver is a navigational aid with the capability to determine positions within 15 metres. It is made by Navstar Ltd of Daventry, Northamptonshire.

Medical Equipment

The DisposiNeedle II is made by J & T Products of Newtownards, County Down. It is a compact, portable device designed to prevent the spread of contagious viruses from used hypodermic needles.

Neen Pain Management Systems of East Dereham, Norfolk, has produced XENOS, a drug-free pain relief device which incorporates advanced electronics to combine clinical sophistication with great ease of use.

The world's first fully automated immunostainer, Cadenza, has been developed by Shandon Scientific of Runcorn, Cheshire. It enables medical laboratories to diagnose conditions such as tumours.

Motor Industry Products

A market-led approach of strategic design management leading to rapid product development has produced the Land Rover Discovery, a four-wheel drive leisure vehicle incorporating major innovations in exterior, interior and engine design. It is made by Land Rover of Solihull, West Midlands.

The Lotus Elan is a high performance, two-seater sports car which has achieved high standards in handling and stability. It is made by Lotus Cars Ltd of Norwich.

The Rover Group of Coventry has produced the Rover K Series engine, which uses a single set of fasteners throughout the engine. The K series engines are a new generation of all-aluminium, high-efficiency engines for small and medium-range saloon cars.

Electricity Generating Companies Flotation

Over 1,233 million shares, making up 60 per cent of National Power and PowerGen, the two non-nuclear electricity generating companies in England and Wales, went on sale at the beginning of March. Over 1·91 million applications were received from the public and the public offers were more than five times subscribed before clawback.

In a speech in London on 21 March the Secretary of State for Energy, Mr John Wakeham, said that privatisation of the electricity supply industry in England and Wales (see pp 24-8) had created:

1 a thriving market in electricity, which put pressure on everyone to supply it efficiently;

2 returns of over £12,000 million to the taxpayer, including £4,300 million from the National Power and PowerGen flotation;

3 'a flow of new entrants' into the generation market, 'already contributing to the creation of a more competitive and more diverse industry'.

Background

Generation, the main activity of National Power and PowerGen, involves the production of electricity at power stations. It is sold to electricity suppliers through a market known as the pool. As the product is indistinguishable, the generators compete on the basis of price. Sales and purchases of electricity in this market are made between generators and suppliers (the 12 regional electricity companies – RECs) according to rules which govern the market's operation and the calculation of payments due to and from each supplier and each generator. The pool itself does not buy or sell electricity.

In addition, the generators themselves may buy electricity through the pool and supply it at fixed prices directly to their 'second-tier' customers (see p 17, 1989), mainly large industrial companies. National Power and PowerGen may only supply a limited amount of electricity in the authorised area of any REC, except with the consent of the Director General of Electricity Supply. The limit is set, for the regions supplied by most RECs, at 15 per cent for four years from 31 March 1990 and at 25 per cent for the next four years.

At 31 December 1990 National Power's and PowerGen's power stations had a combined declared net capacity (DNC) of 48,250 megawatts (MW), of which some 75 per cent was represented by coal-fired stations, or dual-fired stations capable of burning coal, and some 22 per cent by oil-fired capacity. (At the same date, the 12 nuclear stations owned and operated by Nuclear Electric, which

remains in the public sector, had a DNC of 8,333 MW; the pumped storage stations, owned by the National Grid Company, had a DNC of 2,088 MW. At 31 December 1989 independent generators were estimated to have had a DNC of some 2,900 MW.)

In 1989-90 National Power, with 40 operational power stations, generated some 48 per cent of the electricity supplied to the transmission and distribution networks in England and Wales. In the nine months up to 31 December 1990 its power stations supplied over 85 terawatt hours (TWh). Its turnover in 1989-90 was £3,998 million and operating profit £314 million. PowerGen, with 21 operational stations, generated some 30 per cent of the electricity and supplied 54 TWh in the same period. Its turnover was £2,608 million and operating profit £316 million.

The Flotation

On 22 February, Kleinwort Benson (the merchant bank handling the flotation) offered for sale on behalf of the Government 1,233·6 million ordinary shares in the companies (764·8 million in National Power and 468·8 million in PowerGen), 60 per cent of their share capital, at a price of £1·75 a share. Private buyers who had registered with the Electricity Share Information Office by 15 February, called registrants, were eligible for special incentives (see below). The minimum investment was £525 – 186 shares in National Power and 114 shares in PowerGen. The offer price was payable by instalment: £1 on application and 75p in February 1992.

Public Applications

Registrants could apply for:

1 the share bonus – one bonus share for every ten shares in National Power and one bonus share for every ten shares in PowerGen allocated in the offers for sale and held continuously until 31 March 1994, subject to a maximum bonus of 400 shares (248 in National Power and 152 in PowerGen); or

2 the instalment discount – of 14p a share on the second instalment on the first 1,240 National Power shares and the first 760 PowerGen shares bought in the offers for sale and held continuously until the instalment is paid.

Registrants applying for either incentive were also entitled to preferential allocation should heavy demand result in applications being scaled down. Registrant allocations are shown in the table; 99·9 per cent of registrants received shares. Because of the demand, no shares were made available to other members of the public.

Some 1·7 per cent of the shares on offer in the two companies were reserved to meet bonus entitlements and applications from employees under the free and matching offers. The free offer entitled an employee to shares worth some £140, plus an additional entitlement for every completed year of continuous service in the electricity industry. Under the matching offer, an employee could apply for shares worth about £220, whereupon he or she was awarded additional shares on a two-to-one basis (the maximum total value of shares under this offer was about £660). Eligibility for these and two other employee offers was based on continuous service in the electricity supply industry of at least 16 hours a week from, at the latest, 21 February 1991. Such free shares are put in trust and may not be withdrawn for two years. If they are withdrawn after two years and before five years are up, proceeds from the sale will be taxable.

Employees and pensioners were also entitled to priority on applications of up to £16,250 and £15,000 respectively. Employees were further entitled to a 20 per cent discount on the first £1,250 of their applications under these offers, in addition to the incentives available to registrants.

Allocation of Shares

Details of the allocation of shares were announced on 11 March. It had been intended to make about 28 per cent of the shares being offered (17·1 per cent of the ordinary share capital of each of National Power and PowerGen) available to the general public, including employees and pensioners. In view of the substantial demand, however, this allocation was increased to over 49 per cent. Some 1·91 million applications, for 1,888·1 million shares, were received from the general public (including employees and pensioners).

Nearly 114 million shares were allocated to employees and pensioners under their

various offers – 9·2 per cent of the total offer. Just over 19,000 employees and pensioners qualified for discount and priority offers; some 33,000 for the matching offer.

Allocation to Applicants Applying with Registrant Preference

Shares applied for	Total shares allocated	Comprising shares in: National Power	PowerGen
300	300	186	114
400	300	186	114
500	300	186	114
600	300	186	114
700	300	186	114
800	300	186	114
900	300	186	114
1,000	300	186	114
1,500	300	186	114
2,000	350	217	133
2,500	350	217	133
3,000	350	217	133
4,000	450	279	171
5,000	500	310	190
10,000	1,000	620	380
15,000 & above	Nil	Nil	Nil

Other Applications

Of the total offer, 52 per cent of the shares were initially reserved for British institutional investors. Because the public applied for over 2·5 times the total number of shares in the public offer, a proportion initially destined for British and overseas institutions was clawed back for further allocation to the public. The allotment for British institutions was reduced to 28 per cent. The final allocations overseas were as follows: 10·1 per cent to the rest of Europe, 6·2 per cent to Japan, 4·8 per cent to the United States and 1·7 per cent to Canada.

Certain British investing institutions and the underwriters of the overseas offers were able to bid for about 16 per cent of the available shares through an international 'back-end' tender. These shares had already been provisionally placed with overseas investors and institutions and were clawed back for the tender, which raised £41·5 million.

Government Shareholding

The Government will retain approximately 40 per cent of the issued ordinary share capital of each of National Power and PowerGen, and will not sell, or otherwise dispose of, this holding before 1 April 1993.

The Secretary of State for Energy will also hold a special share in each of National Power and PowerGen. This enables him, for example, to prevent a person, or persons acting in concert, from having an interest of 15 per cent or more in the voting share capital. The special share may not be redeemed until after 31 March 1993. On the redemption date, the limitation on shareholdings in the company concerned will cease to apply.

Northern Ireland Electricity

A White Paper containing details of government proposals for privatisation of the electricity supply industry in Northern Ireland was published on 20 March.

Parliamentary Statement

In a statement in the House of Commons on 20 March (*Hansard*, Vol 188, No 80, cols 285-94), the Secretary of State for Northern Ireland, Mr Peter Brooke, said that in framing his proposals,[1] he had in mind four main objectives:

1 to introduce, wherever possible, forms of competition which would result in the lowest possible prices for consumers;

2 to regulate the industry in a way which would protect consumer interests and maintain security and safety of supply;

3 to diversify further the Northern Ireland economy through the introduction of enterprising new participants into the power sector;

4 to promote participation by employees of Northern Ireland Electricity (NIE) and by electricity consumers in the ownership of the industry.

[1] *Privatisation of Northern Ireland Electricity*. Department of Economic Development for Northern Ireland. Cm 1469. HMSO, £3·60. ISBN 0 10 114692 2.

Competition, he said, was the best guarantee of consumer interests and there was considerable scope for it in the Northern Ireland electricity supply industry. NIE was a vertically integrated corporation with a monopoly on electricity supply (see p 283, 1988). Its structure would have to be changed. Generating capacity, which should not be in the hands of a single owner, must be separated from transmission, distribution and supply. [Transmission is the movement of electricity in bulk over long distances at high voltages; distribution the delivery over local networks to consumers at low voltages; supply the sale of electricity to end users.]

Mr Brooke proposed that the four existing power stations in Northern Ireland should be sold to not fewer than two independent companies. The major benefits of competition in generation would come when new power stations were needed. Competition to provide and operate the new stations should create a downward pressure on construction costs and on the price at which power was offered to the suppliers.

The four existing stations would be offered for sale to trade buyers by competitive tender. The transmission, distribution and supply business would be sold by public flotation.

The Secretary of State continued that he also wished to introduce competition into the supply of electricity. Immediate introduction of full-scale supply competition could work against the interests of consumers. He intended to examine how best to ensure that there was a progressive increase in such competition in Northern Ireland.

WHITE PAPER

Background

In 1989-90 NIE supplied 5,667 million kilowatt hours to 520,000 domestic consumers and almost 80,000 agricultural, industrial, commercial and other large consumers – some 21 per cent of all non-transport energy used in Northern Ireland in that year. Its turnover was £371 million – the highest of any company in Northern Ireland and about 4 per cent of its gross domestic product. There are over 5,600 employees.

Northern Ireland has no access to natural gas and NIE is not exposed to competition from a network gas supply for markets such as space and water heating.

Current Structure

NIE's four power stations burn heavy fuel oil or coal. They have a maximum output capacity of 2,320 megawatts (MW). Three have gas turbines for use in emergencies or for short winter periods when electricity demand is at its peak. The power stations send out electricity to the transmission grid, a system of 275 kilovolt (kV) and 110 kV lines, which transports electricity in bulk to supply points, where it enters local distribution networks. The grid consists of over 1,200 km of underground cables and overhead lines. The networks total about 48,000 km.

Important features of NIE, which distinguish it from the other British systems (see pp 112-18, 1988, and pp 16-19, 1989), are:

1 just over 70 per cent dependence on oil-fired generating capacity, which it is considered important to reduce;

2 smallness of the system, with a maximum demand in 1989-90 of 1,399 MW, compared with 46,875 MW in England and Wales;

3 no benefit of interconnection to any other system;

4 low population density compared with the rest of Britain – giving higher distribution and transmission costs.

Proposed New Structure

The Government's main proposals on how best the privatised industry might be structured are:

1 to maintain the present integrated transmission and distribution system in the ownership of a single company – NIE (TD&S);

2 to permit NIE (TD&S) to act as a supplier, selling power to final consumers; other companies to apply for rights to supply customers;

3 NIE (TD&S) to buy power under contract to supply its customers from the existing power stations, owned by separate independent companies;

4 NIE (TD&S) to invite bids for the right to supply new generating capacity and to contract with the successful bidder; other suppliers who enter the market to make their

own arrangements about generating capacity.

NIE (TD&S) will be separated from the competitive generation business. It will have a statutory duty to operate the transmission system so as to ease the way for competition in generation and supply. Merit order competition (whereby the separate generation sets in the stations that produce most cheaply are called on first, followed by the next cheapest) between the four stations will bring about price reductions.

NIE (TD&S) may be expected to focus on the most cost-effective means of meeting electricity demand, in the search for competitive generators and innovative low-cost technologies.

Future Generating Capacity

New generating capacity, the White Paper states, will have to be added to the system from the mid-1990s. The purchaser of Kilroot power station, at which only two (commissioned in 1981-82) of the four generators originally planned have so far been installed, will be required to complete it. The White Paper mentions the possibility of a gas pipeline between Northern Ireland and Great Britain so that combined cycle gas turbines (see pp 290-1, 1990) could be installed at Kilroot. Electrical interconnection with Great Britain is under consideration, and proposals for a lignite-fired station are likely.

Regulation

The regulatory regime will be supervised by a Director General of Electricity Supply (DGES) for Northern Ireland. This post will be legally separate from that of the DGES in Great Britain (see pp 16-17, 1989). Since the two posts require the same expertise, however, the Government proposes to appoint the DGES for Great Britain to the Northern Ireland post.

New Roads

The New Roads and Street Works Bill, which has received its second reading in the House of Commons, would provide measures to encourage privately funded road schemes and to reform the system of control of street works carried out by utility companies. In a separate announcement on 6 March, the Government has said that work would begin on 53 new motorway and trunk road schemes in England during 1991-92.

NEW ROADS AND STREET WORKS BILL

The Bill, which would apply to Great Britain, received an unopposed second reading in the House of Commons on 5 March (*Hansard*, Vol 187, No 69, cols 169-231).

Main Provisions

Parts I and II of the Bill contain proposals for private finance for new roads. The main provisions would:

– enable private promoters to make concession agreements with the appropriate Secretary of State, or a local highway authority, to finance, build and operate new roads, and to charge tolls;

– allow these privately financed roads to be authorised by orders, subject to public inquiry;

– ensure statutory controls of toll levels on monopolies, such as estuary crossings; and

– make it easier for trunk road improvements to be financed by private developers.

Parts III and IV of the Bill would provide for a new regime to control street works. The main provisions would:

– make utility companies fully responsible for their excavations and for the reinstatement of roads to new, nationally agreed standards;

– require local highway authorities to co-ordinate their own street works with those of utilities, so as to minimise disruption;

– allow the authorities to designate streets in which works would cause significant disruption as 'traffic-sensitive', and to limit the times at which work could be carried out on them;

– enable the introduction of a scheme for highway authorities to charge utilities for occupying the road during works, thus encouraging them to carry out their works quickly;

– require the training of roadworkers and supervisors to nationally agreed standards; and

– introduce new controls on work in progress to improve road safety and the environment.

Parliamentary Debate

Introducing the Bill, the Minister for Public Transport, Mr Roger Freeman, said that the two halves of the Bill had a common theme, the reduction of traffic congestion. The first two parts increased opportunities for the construction of new roads, while the second half would minimise delays caused by roadworks.

Mr Freeman said that proposals on toll roads in the Bill closely followed the Green Paper *New Roads by New Means,* published in 1989 (see pp 237-40, 1989). It was envisaged that the private sector would play a small but increasing role in the roads programme. The public programme would continue at a high level, and existing roads would remain free of tolls. The Bill would not create private highway authorities. Instead, private consortia building roads would carry out their work alongside the existing authorities, which would retain their present statutory functions.

The Bill would give current schemes for private road development a new impetus by creating a new framework for authorising toll roads in a similar way to traditional trunk roads. The process would involve:

– advertising for competitive tenders for the provision of a road or bridge on a route or along a corridor nominated by the highway authority;

– awarding the tender and publishing details of the successful proposal;

– negotiation of a concession agreement and preparation of draft road and toll orders;

– a public inquiry on the scheme; and

– a final decision by the Secretaries of State for Transport and for the Environment.

On overland routes, motorists would be offered a choice between paying a toll and perhaps having a quicker journey, and staying on the public roads and not paying the toll. Congestion would also be relieved on the public roads by the provision of alternative routes.

Turning to the provisions on street works, Mr Freeman said that the main recommendations of the Horne Report,[1] published in November 1985, would be implemented by the Bill. There was widespread support for these proposals. The local authorities would have a duty to co-ordinate works between the utilities, while the latter would have responsibility for proceeding quickly and reinstating the road to a guaranteed quality. The Bill would make sure that local authorities kept a register of existing and proposed works so that the different utilities did not dig up the road in succession.

NEW ROAD SCHEMES

An announcement on the 1991-92 roads programme was made by the Minister for Roads and Traffic, Mr Christopher Chope, in the House of Commons on 6 March (*Hansard,* Vol 187, No 70, written answers, cols 147-8). He said that work was expected to start on 53 new motorway and trunk road schemes in England. Spending on road construction, including land acquisition, would total over £1,300 million. Some 54 schemes would have started in 1990-91, which was the highest number since the early 1970s.

London's Airports

The new passenger terminal at Stansted, London's third airport, was officially opened by the Queen on 15 March. It cost £90 million and is designed to handle 8 million passengers a year. The Government has also announced that the traffic distribution rules restricting airlines' access to Heathrow are to be abolished.

Stansted Airport

Stansted (Essex) has been an airport since the British Airports Authority, forerunner of the present BAA plc, took over an existing military airbase on the site in the late 1960s

[1] *Roads and the Utilities – Review of the Public Utilities Street Works Act 1950.* Department of Transport. HMSO, £15·75. ISBN 0 11 550729 9.

and built a terminal. Despite enlargements in 1972 and 1989, it was capable of handling only 1·2 million passengers a year. The decision to expand the airport ultimately to handle 15 million passengers a year was confirmed by the Government in 1985 (see pp 20-1 and 235-8, 1985), and work began in April 1986.

The new terminal building was designed by Foster Associates and constructed by Laing Management. Its concourse, covering roughly the area of Trafalgar Square in central London, is lit largely with natural light. To board their aircraft, passengers take a transit system to a satellite terminal whose jetties are capable of handling ten aircraft. A second such satellite is due to come into operation in 1993 to meet expected demand. Baggage handling equipment and other services are in an area under the terminal, thus enabling the concourse to be largely uncluttered.

The development also incorporates a new £44 million 'Stansted Express' rail link with Liverpool Street station in the City of London. Trains will run every 30 minutes, with one intermediate stop in the 41-minute journey to allow an interchange with London Underground. Road communications are also good, with the M11 motorway allowing easy access both to East Anglia and also to the M25 London orbital motorway. A long-stay car park offers 6,500 places.

Heathrow Traffic Distribution Rules

The abolition of the present traffic distribution rules was announced in the House of Commons on 5 March by the Secretary of State for Transport, Mr Malcolm Rifkind (*Hansard*, Vol 187, No 69, cols 149-62). These rules had the effect of prohibiting new operators of international scheduled services, new domestic operators and whole plane charters from operating from Heathrow. They were formally introduced in 1986 (see pp 93-4, 1986), although there had been prohibitions at Heathrow on new international scheduled operators and on whole plane charters since the late 1970s.

Mr Rifkind said that he had accepted advice from the Civil Aviation Authority (CAA) that he should remove most existing restrictions. He agreed, however, that the limits at both Heathrow and Gatwick on business and general aviation and all-cargo flights should remain in force. The establishment of some new long-haul flights would mean more competition and bring greater benefits for users. The announcement did not mean that slots would be made available at Heathrow for airlines now allowed access; they would have to seek slots in the usual way through the airport co-ordinator. Nor did it mean that regional airlines would be squeezed out of Heathrow; they would retain their present slots if they wished to do so. It was important to stop airports exploiting users such as regional airlines through their charges; however, the CAA already had adequate powers to deal with this. The present Heathrow night flying restrictions would be retained. Mr Rifkind said that negotiations on airport access had been held with the United States, and were continuing. His predecessor as Secretary of State had made his request for advice on the traffic distribution rules from the CAA before the United States had asked for these negotiations.

The Secretary of State said that the effect on the overall number of flights would be modest, since Heathrow's capacity was already almost fully used. The CAA did, however, believe that over time, a greater proportion of the airport's capacity would be used by long-haul services. The future of the other airports would be safe: 'buoyant medium-term traffic forecasts make it very clear that all the London airports, including Stansted's splendid new terminal, are going to be needed'.

Shorter Notes

ECONOMIC STATISTICS

Progress is being made on the programme of improvements to economic statistics announced by the then Chancellor of the Exchequer, Mr John Major, in May 1990 (see pp 220-1, 1990). The programme was directed at statistics in three areas – services, companies and the balance of payments.

A number of new or expanded surveys have been, or are about to be, introduced. They include:

– on services, a quarterly inquiry into turnover of selected services;

– on companies, quarterly inquiries into profits; banks' income and expenditure; stockbuilding; and capital expenditure; and an annual inquiry into financial assets and liabilities;

– on the balance of payments, quarterly inquiries into overseas trade in services; and companies' overseas direct investment; and

– an annual survey of share registers.

Source: *Economic Trends,* February 1991. Central Statistical Office. HMSO, £11. ISBN 0 11 620471 0.

VETERINARY INVESTIGATION SERVICE

On 6 March extracts from a report on the Veterinary Investigation Service (VIS), which provides veterinary and laboratory support for the public and animal health policies of the Ministry of Agriculture, Fisheries and Food, were published. The VIS also gives chargeable diagnostic, advisory and consultancy service to the livestock industry through veterinary surgeons in private practice. Hitherto, the VIS has included 19 veterinary investigation centres in England and Wales.

The report recommends that the work of the VIS should be concentrated on 13 centres, where facilities and expertise should be upgraded. This number would include two new centres, to be built at Bury St Edmunds (Suffolk) and in Warwickshire.

Commenting on the report, the Minister of Agriculture, Fisheries and Food, Mr John Gummer, said that a programme of investment in new capital equipment and up-to-date technology would enable the VIS to achieve the highest standards. Staffing levels would be increased in some centres so that additional workloads could be handled. Implementing the report's recommendations, he said, 'will result in significant improvements in the quality, efficiency and cost-effectiveness of the VIS. This is important if we are to have a VIS which is well equipped to meet our national needs over the years ahead.'

In a further statement on 14 March, Mr Gummer said that of the Ministry's 28 veterinary laboratories operating in Great Britain in 1979, 21 remained in 1991 – at the 19 centres in England and Wales (see above) in addition to the central veterinary laboratory at Weybridge (Surrey) and its outstation at Lasswade (Edinburgh). By 1995 it was expected that there would be 15, at the 13 remaining centres (see above) and at Weybridge and Lasswade.

Sources: *Hansard,* Vol 187, No 71, written answers, cols 183-4, and Vol 187, No 77, written answers, cols 680-1.

OFFSHORE SAFETY

As a result of the recommendations of the report of the public inquiry into the Piper Alpha disaster (see pp 430-2, 1990) the Government has transferred responsibility for the regulation of safety on offshore installations from the Department of Energy to the Health and Safety Commission and Executive (HSC and HSE). The staff of the Offshore Safety Division of the Department of Energy, together with certain staff from the Department of Transport, moved to the HSE on 1 April, to form the core of a new offshore safety division. [The HSC has responsibility for making proposals for health and safety law and the HSE is charged with putting them into effect.] Ministerial responsibility for offshore safety has been assumed by the Secretary of State for Employment.

Commenting on the transfer, the Secretary of State for Energy, Mr John Wakeham, said on 27 March that the HSE would get a significant increase in resources to enable it to carry out its new responsibilities. The Government, he continued, would support the HSC in 'implementing Lord Cullen's recommendations as soon as it is practical to do so. This transfer is a fundamental first step towards fulfilling this commitment.'

Sources: *Hansard,* Vol 188, No 86, written answers, cols 407-8; Department of Energy news release, 27.3.91.

BUS STRATEGY FOR LONDON

Proposals to deregulate and improve bus services in London were announced in the House of Commons on 11 March by the Secretary of State for Transport, Mr Malcolm Rifkind. The Government's proposals are set out in a consultation paper, *A Bus Strategy for London*.

Measures proposed in the consultation paper include:

– opening up the London bus market by deregulation and the privatisation of London Buses Ltd;

– preservation of a London-wide concessionary fares scheme;

– a central agency to take on responsibilities that the market cannot provide or that would benefit from co-ordination;

– a review of bus lanes and other priority measures for buses; and

– consideration for improving London Buses Ltd's fleet to ensure it would be able to compete after privatisation.

Bus services in Great Britain, except those in London, were deregulated in 1986 (see pp 384-5, 1987). This meant that operators no longer had to obtain road service licences for their services. Instead they became able to run services anywhere they thought there was sufficient demand, simply having to give notice to the appropriate authority. Some services in London have, however, been put out to tender, and private companies have as a result taken over from London Buses Ltd on some of these routes.

Mr Rifkind said that spreading deregulation to London would bring more competition and thus improve the choice available for the consumer. However, it would require legislation to safeguard the future of the concessionary fares scheme and to alter London Transport's statutory duties to make them more compatible with a deregulated industry. It was important that decisions on the operation of bus services should be taken on a commercial basis, and deregulation would allow this. The operating environment should also be favourable; the Government was therefore reviewing the circumstances in which bus lanes might be appropriate, and was encouraging London Transport's review of bus priority measures.

The consultation paper cites three reasons why the Government is concerned to safeguard the future of buses in London:

– buses are the only short-term means of increasing the capacity of London's transport system, since new railways[1] and roads will take time to build;

– buses are more suitable for providing non-radial links, which are generally not covered by rail lines and which could not economically be covered by new rail lines; and

– buses are the most fuel-efficient form of passenger transport in London and, according to available evidence, emit less carbon dioxide per passenger-mile than cars, taxis, trains or the Underground.

Sources: *A Bus Strategy for London* (available free from the Department of Transport, 2 Marsham Street, London SW1P 3EB); *Hansard*, Vol 187, No 73, written answers, col 425.

[1] For the Government's plans for new railways in London, see pp 386-7, 1990.

Environmental, Social and Cultural Affairs

Planning

The Planning and Compensation Bill, which would improve Britain's planning system and provide better arrangements for compensation in cases of compulsory purchase, received its second reading in the House of Commons on 12 March. In a separate announcement on 13 March the Secretary of State for the Environment, Mr Michael Heseltine, said that the Government was proposing to introduce planning controls to improve protection for sites of special scientific interest.

PLANNING AND COMPENSATION BILL

Main Provisions

Parts I and II of the Bill would amend the law on town and country planning, both in England and Wales and in Scotland.

Enforcement

The Bill would introduce new powers for local authorities to take action against breaches of planning control, including:

– 'planning contravention notices', which are designed to encourage early negotiation between developers and local authorities in cases of suspected breaches;

– 'breach of condition' notices, which local authorities could serve where conditions attached to a planning permission were being broken and which would specify steps to be taken to comply with the conditions;

– the power for local authorities to seek court injunctions against actual or threatened breaches; and

– a greatly increased maximum penalty for the main offences (to rise to £20,000 from the present £2,000).

Development Control

The Bill would introduce measures to improve the performance and efficiency of the present system. These would include:

– provision for developers to enter into a planning obligation either by means of an agreement with the local authority (as at present) or by means of a unilateral undertaking;

– a right for local authorities to decline to consider repeated planning applications if they follow within two years of an unsuccessful appeal over an earlier application;

– powers for the Government summarily to dismiss an appeal if the appellant is considered to be responsible for undue delay; and

– revised statutory arrangements under which local authorities give themselves permission for their own developments, and powers for the Government to make regulations on such developments.

Development Plans

The Bill would put into effect the Government's plans for streamlining the development plan system in England and Wales (see pp 361-2, 1990). Changes would include:

– streamlined structure plans prepared and adopted by county councils without reference to the Secretary of State, although the Government would retain powers to intervene where necessary;

– mandatory district-wide local plans prepared by non-metropolitan district councils

and park-wide local plans prepared by National Park authorities; and

– streamlined procedures for designated simplified planning zones (see p 439, 1990).

Compensation and Compulsory Purchase

Parts III and IV of the Bill would improve the present arrangements for compensation and compulsory purchase. The main provisions would:

– increase home loss payments for owner-occupiers from the current flat rate of £1,500 to 10 per cent of market value up to a maximum of £15,000;

– reduce the qualifying period of residence for all claims, whether or not from owner-occupiers, from five years to one year;

– empower authorities to buy land adversely affected by their proposals earlier in the development process; and

– streamline compulsory purchase powers and make land compensation provisions operate more fairly.

Parliamentary Debate

The Bill received an unopposed second reading in the House of Commons on 12 March (*Hansard,* Vol 187, No 74, cols 816-900). Introducing the Bill, the Minister for Housing and Planning, Sir George Young, said that Britain's system of town and country planning had worked well for over 40 years. It provided the framework for resolving the inevitable conflicts between development and conservation. The Bill would update the system and enhance its credibility.

Development Control

Sir George said that many people were upset at the ease with which breaches of planning control could go unpunished, because existing enforcement procedures were slow and complex; this reduced public confidence in the system. The proposed measures to simplify and speed up the enforcement process were therefore important. They were based broadly on the measures suggested in the Carnwath Report of April 1989,[1] which had been generally welcomed. Planning contravention notices were designed to encourage planners and developers to consult at an early stage. The planning authority would be able to use the notice to break a deadlock by requiring the developer to refrain from carrying out further developments or to apply for planning permission if the authority would be willing to grant it. This was a more constructive approach than simply making all unauthorised development a criminal offence.

The Bill would introduce the concept of planning obligations. These would encompass both existing planning agreements and also unilateral undertakings. The latter would assist in cases where inspectors were willing to grant appeals subject to a satisfactory legal agreement but where the local authority would not agree to one. Arrangements for the modification and discharge of such obligations would also be simplified.

The provisions on procedures for planning applications, Sir George said, were aimed at making the existing system more efficient. For example, the Bill would stop developers making repeated applications as a way of wearing down local authorities, or abusing appeal procedures by undue delays. The provisions on local authorities' own developments had been widely welcomed in consultation. They would require such decisions to be taken in public by a committee not responsible for the management of the land concerned. Such proposals would have to be reported to the Government if they conflicted with the development plan, so that the Government could consider 'calling in' the application for determination centrally.

The provisions on development plans, the minister said, would give effect to the Government's previously announced proposals. The decisions taken reflected the widespread recognition of the importance of strategic planning at a county level. At present he estimated that only 30 per cent of England and Wales was covered by local plans. Their mandatory preparation would greatly increase the local community's confidence in the process and would simplify the day-to-day work of development control.

Compulsory Purchase

The parts of the Bill dealing with compulsory purchase and compensation would make the

[1] *Enforcing Planning Control.* Department of the Environment. HMSO, £8. ISBN 0 11 752194 9.

system more generous. The rules on eligibility for home loss payment, for example, would be relaxed, and the total payable to owner-occupiers would be increased. The Government estimated that the Bill would lead to a doubling in expenditure on home loss payments.

Conclusion

Concluding, Sir George said that the Bill was not intended to tip the balance significantly in favour of or against particular types of development. It would, however, make the system fairer. It was also a decentralising measure: 'it will give local authorities the opportunity, through the self-adoption of plans, to set out more strongly the pattern of development that they, as representatives of local people, want to take place in their areas; and, through their enhanced enforcement powers, they can do more to ensure that that vision is not spoilt by unacceptable developments'.

SITES OF SPECIAL SCIENTIFIC INTEREST

Mr Heseltine announced the publication of a consultation paper[1] on sites of special scientific interest (SSSIs) in the House of Commons on 13 March (*Hansard*, Vol 187, No 75, written answers, col 525). He said that the Government was committed to preserving the natural heritage. As SSSIs were an important part of the nature conservation framework, the Government wanted to ensure that their value was taken fully into account in the operation of the planning system.

The paper proposes additional safeguards over SSSIs in England and Wales. These would include:

– withdrawal of permitted development rights over certain temporary recreational uses of land;

– an amplification of the policy on calling in applications;

– additional advice on environmental assessment; and

– a new requirement for planning authorities to consult the Nature Conservancy Council (NCC)[1] about applications adjacent to SSSIs.

The first of these proposals would have the effect of removing the right to use land for up to 28 days a year for uses such as war games, motor sports and clay pigeon shooting without planning permission. NCC monitoring of damage to SSSIs shows that such uses can be harmful, although there is little evidence of significant lasting damage from other permitted development rights.

The present power of the Secretary of State to call in planning applications for determination centrally is usually exercised only in cases of more than local importance. Several recent applications concerning SSSIs have, however, been called in. The Government considers that it would be helpful to be more explicit in its criteria for calling in applications relating to SSSIs. It proposes in future to call in applications likely significantly to affect sites recognised as being of international or national importance.

Environmental assessments are already required for certain types of development, and the Government provides advice on this. However, the Government proposes to include advice on environmental assessment in a forthcoming planning policy guidance note on nature conservation.

At present, local planning authorities are advised to consult with the NCC successor bodies about applications which are likely to affect SSSIs indirectly, but there is no legal requirement for them to do so. The consultation paper proposes that planning regulations be amended to make such consultations mandatory.

[1] *Planning Controls over Sites of Special Scientific Interest.* Available free from the Department of the Environment Distribution Centre, Building 3, Victoria Road, Ruislip HA4 0NZ.

[1] Since the publication of the paper, the NCC has been split into three component bodies – English Nature, the Countryside Council for Wales and the Nature Conservancy Council for Scotland (see pp 329-30, 1989, and pp 81-4 and 294, 1990).

Services For Mentally Ill People

Three major government initiatives to improve services for mentally ill people came into effect on 1 April. All are designed to enable local authorities to increase the level of care that they provide to mentally ill people treated in the community.

Care Programme Approach

New policies for improving care in the community for elderly, disabled, mentally ill and mentally handicapped people were set out in the National Health Service and Community Care Act 1990 (see pp 29-35, 1990). The system is being introduced in stages between April 1991 and April 1993 (see pp 294-5, 1990). Included in the first phase are new arrangements for assessing the health care and social needs of mentally ill people.

As a result of improved methods of care and more effective medical treatments, a much higher proportion of mentally ill people can be treated within the community, with fewer requiring treatment as hospital in-patients. The Government's policy is that people with a mental illness should have access to all the services that they need, including hospital care, as locally as possible.

All district health authorities are required to implement a 'care programme' for the delivery of health and social services to mentally ill people who could be treated within the community. This should provide a continuous system of care for the person, whose specific needs would be assessed by medical staff and social workers. Health authorities would work together with social services authorities to ensure that mentally ill patients treated in the community receive the health and social care that they need. Community care plans for patients should be prepared in consultation with voluntary bodies, carers and the patients themselves.

The new system is designed to ensure that mentally ill patients discharged from hospital do not lose contact with health and social services departments. Under this system, patients treated in psychiatric hospitals will not be discharged until full provision has been made for their continuing health and social care within the community.

Mental Illness Specific Grant

For the year 1991-92 the Government has allocated a new discretionary grant of £21 million to local authorities. This will go towards new services for mentally ill people, at a total cost of £30 million. Local authority social service departments spend an estimated £200 million, or 3 per cent of their annual budget, on services for people with mental illness. The new specific grant will enable them to increase expenditure on these services by some 15 per cent in the first year. It is anticipated that the grant will contribute to social services expenditure by local authorities initially for the next three years.

In order to receive the grant, the social services authorities must agree a plan of social care with the district health authority. Under the new grant scheme, social care will be available for patients with severe mental illness already accepted for treatment by the specialist pyschiatric services. In addition, the grant will support social care for people not currently in contact with social services, such as homeless people with severe mental illness.

Allocations For Capital Projects

A further £10 million has been allocated for 1991-92 to assist local authorities to make structural improvements to day care centres and residential homes for mentally ill people who have been discharged from psychiatric hospitals. Under this scheme, local authorities may borrow an agreed sum to enable them to undertake necessary building or refurbishment projects.

Academic and Vocational Education

Under a proposed reorganisation of the further education sector in England, Wales and Scotland, further education colleges and sixth form colleges would become fully independent outside the control of local

education authorities. Evidence of the Government's desire to see the division between academic and vocational education bridged, with each being accorded equal status and enabling students to continue their studies or training, is contained in two recent ministerial speeches.

REORGANISATION OF FURTHER EDUCATION

Addressing the House of Commons on 21 March (*Hansard*, Vol 188, No 81, cols 432-4), the Secretary of State for Education and Science, Mr Kenneth Clarke, said that the Government was determined to see attainment levels raised throughout the education service. The National Curriculum was improving teaching and motivating school children, while parents were exercising choice in more and more schools (see pp 40-4 and 122-4). A new and clearer system of vocational qualifications was beginning to bring exciting opportunities for school leavers (see pp 468-71, 1989). Although the proportion of school leavers going on to higher education[1] had nearly doubled since 1979, Britain still lagged behind other countries in terms of the participation of school leavers in further education and training.

Mr Clarke went on to say that further education colleges had not received the attention that their importance justified. They played a vital role in educating and training both school leavers and adults and, through their links with business, were well placed to provide the knowledge and skills needed at work. The Education Reform Act 1988 had given the further education colleges greater managerial autonomy and they were recruiting larger numbers of students. However, because they were still subject to bureaucratic control by local education authorities, they lacked the freedom given to polytechnics and higher education colleges in 1989 to respond to the demands of students and the labour market. With full independence, the polytechnics were attracting more students and operating with greater efficiency, without any loss of academic standards.

Proposed Legislation

The education and training of 16- to 19-year-olds would be the focus of a White Paper, the Secretary of State announced. The Government planned to introduce legislation in autumn 1991 to establish a new sector of post-16 education from April 1993. This would take all further education colleges offering full-time education, including tertiary colleges[1] and all sixth form colleges, out of local education authority control. The colleges would be funded directly by central government through a council appointed by, and responsible to, the Secretary of State for Education and Science. Spending by local authorities on further education and sixth form colleges in England at present totalled over £2,100 million a year; this would be transferred to the new council.

The new funding regime would be designed to provide a powerful incentive to recruit additional students and reduce costs. Colleges' funding would consist of a basic annual budget together with a grant dependent on student numbers. Further education colleges would also assume responsibility for some adult education (see p 128).

The reconstituted colleges would be free-standing corporate bodies. They would own their buildings and other assets and employ staff, working closely with Training and Enterprise Councils (see pp 385-6, 1990), which already had specific responsibilities for work-related further education. The role of the colleges would be to prepare a growing proportion of young people for working life.

In order to ensure a smooth transition to the new system, with effect from 22 March, local authorities would not have the right to enter into contracts binding colleges beyond April 1993 without the consent of the colleges concerned. Contracts worth over £50,000 would also require government approval.

Mr Clarke told the House that the Government would ensure that good school sixth forms continued to thrive, while at the same

[1] Under the Education Reform Act 1988, higher education is defined as higher courses in any institution – broadly, those of a standard higher than General Certificate of Education (GCE) Advanced (A) level, the examinations for which are normally taken at around age 18 in schools. Further education comprises all other post-school courses.

[1] Tertiary colleges provide vocational and academic education for young people over 16.

time encouraging choice between schools and colleges wherever possible.

ACADEMIC-VOCATIONAL DIVIDE

At a conference organised by the Secondary Heads Association in Edinburgh on 22 March, Mr Clarke talked of breaking down the division between academic and vocational studies. There was nothing new, he said, about a vocational dimension in school education. The Technical and Vocational Education Initiative (TVEI – see pp 323-4, 1990) had been working successfully in schools for a number of years. It had been operated across a wide ability range and involved pupils under 16 and up to 19 years of age. The practical, problem-solving, approach to education inherent in the TVEI needed to be applied throughout the curriculum so that all pupils would be better prepared for working life. The National Curriculum would build on the achievements of the TVEI.

Vocational Courses

Many pupils needed to be encouraged to see the value of continuing vocational study beyond 16, Mr Clarke continued. At present, too many either pursued A levels which were not suitable for them, or gave up studying altogether. Pupils aged 14 to 16 should be given an attractive, high quality, alternative to a traditional academic education, with vocational courses being seen as worthy alternatives to General Certificate of Secondary Education (GCSE) courses.[1] In order to persuade them to take more vocationally oriented courses, it was necessary to ensure that these led to qualifications which were recognised as of equivalent status to the GCSE.

Vocational bodies were able to propose alternative approaches to the assessment and certification of any subject as an equivalent to a full GCSE. For example, they could certificate a short course in a National Curriculum foundation subject such as a modern foreign language combined with a course in a non-foundation subject like business studies. Vocational qualifications had to be widely accepted by employers and in further and higher education, and offer clear routes of progression to study beyond the age of 16.

Bridging the Divide

There should not be, Mr Clarke emphasised, two rigidly defined streams from age 14: academic GCSEs leading to A levels and then on to higher education, and vocational courses directed towards further post-16 vocational study and then to work. Nor should these streams be distinguished by levels of ability. In order to bridge the academic-vocational divide, vocational qualifications had to be good enough to attract high ability pupils going on to higher education or professional training.

Some of the more vocational approaches inherent in the GCSE – a greater stress on problem-solving, for instance – would be carried through to the National Curriculum. Courses leading to vocational qualifications in National Curriculum subjects should not confine themselves to narrow skills training. They had to embody fully National Curriculum attainment targets and programmes of study, including the right degree of knowledge and skill. There was no reason why pupils should not take a mixture of GCSEs and vocational qualifications.

For the post-16 age group vocational qualifications should not be viewed as suitable only for low achievers. Vocational qualifications were being promoted in schools, some of which were already offering vocational qualifications of the Business and Technician Education Council. Many also gave A level students the opportunity to follow courses devised by vocational bodies in subjects such as information technology and modern languages for business.

The Secretary of State concluded by asking school head teachers to recognise that further education colleges could provide many specialised vocational courses far more economically and effectively than they could; it was also possible to mount joint courses. Many school pupils at 16 would be better advised to transfer to the further education sector. Schools and their local communities should increasingly look upon the proportion of pupils sent to further education colleges as a key performance indicator. This would do as much as any other other measure

[1] School pupils normally sit GCSE examinations at around 16 years of age.

to bring about equality between academic and vocational studies.

NATIONAL VOCATIONAL QUALIFICATIONS

Speaking to the Further Education Unit and National Council for Vocational Qualifications conference on 21 March, the Minister of State at the Department of Education and Science, Mr Timothy Eggar, said that the further education system had to be ready to offer more National Vocational Qualifications (NVQs). Further education colleges would continue to be the largest providers of high quality vocational qualifications. In the near future, NVQs would dominate vocational provision in further education colleges, and employers would be recruiting staff holding particular NVQs at specified levels. NVQs could not simply be added on to existing courses: in many colleges offering courses leading to NVQs, new schemes involved flexible learning and new procedures for the assessment of competence.

All full-time, and the vast majority of part-time, further education courses should lead to NVQs or credits towards them. Any exceptions should be examined to see whether they should offer the possibility for progression which a credit towards an NVQ afforded. It was important that all vocational qualifications were linked to the NVQ structure. The Government expected colleges to drop courses not leading to NVQs or its academic equivalent.

Mr Eggar said that about 40 per cent of A level entrants came from further education colleges. In this way, the colleges helped bridge the division between academic and vocational education, which was both artificial and damaging to Britain's future as a competitive trading nation. What was important was the level of attainment, not the route followed. The NVQ system complemented the traditional academic framework by providing a parallel vocational structure with broad equivalences. Young people should be encouraged to look at both routes and choose whichever was most applicable to their needs, with the knowledge that both offered opportunities for progression.

Shorter Notes

PROTECTION OF WILDLIFE

A long-term campaign against illegal poisoning of wildlife, aimed at protecting some of Britain's rarest birds of prey and at safeguarding domestic animals, was launched on 6 March. It is led by the agriculture departments in Great Britain, the Department of the Environment and the Nature Conservancy Council in England and its successor bodies in Wales and Scotland (see p 164). It is backed by farming, fieldsports, conservation and gamekeeping associations. The most commonly used pesticides in such poisoning are alphachloralose, mevinphos and strychnine, but many more have been identified. Abuse of substances for laying illegal poison bait is an offence under the Food and Environment Protection Act 1985 (see pp 81 and 254, 1985) and the Control of Pesticides Regulations 1986.

Opening the campaign, Mr David Maclean, Parliamentary Secretary at the Ministry of Agriculture, Fisheries and Food, said that over the last ten years the killing of more than 300 birds of prey, especially buzzards, eagles and red kites, had been reported. 'Leaving illegal baits around the countryside and storing them unsafely can be dangerous to humans. Companion animals, like cats and dogs, are also at risk', he said.

Source: Ministry of Agriculture, Fisheries and Food news release, 6.3.91.

SERVICES FOR DISABLED PEOPLE

National Disability Information Project

A major initiative to improve information services for disabled people and their carers in England was announced on 25 March. Subject to parliamentary approval, the Government will commit £3 million over three years (1991-94) for a pilot scheme, known as the national disability information project. This will build on the achievements of a number of local federations already providing such information and will have the following objectives:

– nationally to promote closer working between organisations which collect and dis-

seminate information of national relevance, with clear objectives to reduce duplication and to improve the relevance and accuracy of information; and

– locally to encourage the development of federations of information providers, in order to achieve greater co-ordination at the local level and to widen access to information.

Grant for Disabled Students' Equipment

The Government has provided a grant of £500,000 to help students with disabilities and learning difficulties to gain access to further and higher education, training and employment opportunities. The grant has been awarded to the National Federation of Access Centres to enable it to set up an equipment resource bank. This will lend equipment to member access centres to help them choose the most appropriate equipment for disabled students' needs and to extend the range of what can be lent to them while they are studying.

The role of the Federation is to help disabled students to assess the value of microtechnology in overcoming study and communication problems. It also enables them to receive training and support to increase their access to further and higher education, training and employment. Information and training are also provided for college staff and other professional and interest groups.

By lending equipment to the centres, the resource bank will improve both the quality and range of equipment available locally. It will also be used to support the establishment of access centres in areas not yet adequately covered by the network.

Sources: *Hansard*, Vol 188, No 84, written answers, col 325; Department of Education and Science news release, 27.3.91.

SPORT FOR YOUNG AND FOR DISABLED PEOPLE

An extra £1 million has been made available by the Government to the Sports Council to further develop sport for young and for disabled people. The Council, which is receiving a total government grant of £47·7 million in 1991-92, is responsible for promoting sport in England and for certain general sporting matters throughout Britain. Of the £1 million, £700,000 will be used to provide out-of-school sports coaching to 3,600 pupils aged 11 to 16 from 20 local authority areas over a six-week period in autumn 1991. Likely sports include cricket, swimming, tennis, hockey, rugby union, football, netball, basketball, table tennis and badminton. The young people will be coached by 120 coaches, who will also help in the training of a further 600 coaches. The programme will be managed by the National Coaching Foundation, an independent body which supports coaching and coaching education.

The remaining £300,000 will be spent on two new initiatives for people with disabilities. Half of the funds will be used to promote the integration of sport for able-bodied and disabled people, a major recommendation of a government review of sport for people with disabilities carried out in 1989 (see pp 359-60, 1989). Governing bodies from 12 sports will be helped to devise a strategy for integrating their sport. They will also each train up to 20 coaches to work with disabled people, and organise sporting events for them where possible as part of their standard events programme. Sports under consideration include athletics, swimming, table tennis, basketball and football. The other half of the £300,000 will be devoted to strengthening out-of-school sporting opportunities, particularly for disabled children in mainstream schools.

Commenting on the extra grant, the Minister for Sport, Mr Robert Atkins, said: 'One of the main reasons underlying my move to the Department of Education and Science [from the Department of the Environment in November 1990, see p 407, 1990] was the Government's determination to reverse the recent decline in extra-curricular sport. More needed to be done, he said, to widen the opportunity to participate in sport for all young people, including those whose opportunities may have been restricted in the past simply because of disabilities.

Sources: Department of Education and Science news releases, 11.3.91.

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Further Information Points

Ministry of Agriculture, Fisheries and Food, 3 Whitehall Place, London SW1A 2HH.

Central Office of Information, Hercules Road, London SE1 7DU.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

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Department of the Environment, 2 Marsham Street, London SW1P 3EB.

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Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, Eland House, Stag Place, London SW1E 5DH.

Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

Department of Social Security, Richmond House, 79 Whitehall, London SW1A 2NS.

Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Department of Transport, 2 Marsham Street, London SW1P 3EB.

HM Treasury, Parliament Street, London SW1P 3AG.

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